82d Congress, 1st Session - - - - - - House Report No. 639

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951

REPORT

FROM THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

H. R. 3871

A BILL TO AMEND THE DEFENSE PRODUCTION ACT OF 1950, AND FOR OTHER PURPOSES

JUNE 23, 1951.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 3871]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3871) to amend the Defense Production Act of 1950, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

I. COMMITTEE AMENDMENTS

The amendments are as follows:

1. Page 1, line 8, after "Sec. 101.", insert the following:

(a) Section 101 of the Defense Production Act of 1950 is amended by inserting "(a)" immediately following "SEC. 101." and by adding at the end thereof the following new subsection:

"(b) Whenever priorities are established or allocations made under subsection (a) with respect to any raw material, the President shall by proclamation prohibit the importation during the period such priorities or allocations are in effect, of any article or product in the manufacture or production of which such raw material is used; except that this subsection shall not apply to articles and products whose importation is deemed by the President necessary or appropriate to promote the national defense."

(b)

2. Page 3, strike out line 1 and all that follows down through line 2 on page 4, and insert in lieu thereof the following:

(b) Section 201 of the Defense Production Act of 1950 is amended—

(1) By adding at the end of subsection (a) the following new sentence: "No real property shall be acquired under this subsection."

(2) By adding after subsection (a) the following new subsection:

"(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities,

temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended. Prior to the acquisition of any real property, or interest therein, under the provisions of this section, for the use of the Department of the Army, the Department of the Navy, or the Department of the Air Force, the Administrator, Director, or head of the agency designated by the President to administer the provisions of this section shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions."

(3) By striking out "requisitioned" in the presently designated subsection (c), and inserting in lieu thereof "acquired".

(4) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively.

3. Page 6, lines 21 and 22, strike out "domestically produced agricultural".

4. Page 10, strike out lines 1 to 6, inclusive, and insert in lieu thereof the following:

(c) The presently designated subsection (b) of section 304 of the Defense Production Act of 1950 is amended by striking out the proviso in the first sentence and inserting in lieu thereof the following: "*Provided*, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $2,100,000,000 outstanding at any one time: *Provided, further*, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to sections 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the basis for determining the probable ultimate net cost to the United States thereunder."

5. Page 12, after line 6, insert the following new subsection (e):

(e) Title III of the Defense Production Act of 1950 is amended by adding at the end thereof the following new section:

"SEC. 305. (a) No construction or expansion of plants, factories, or other facilities shall be (1) undertaken, or assisted by means of loans (including participations in, or guaranties of, loans), by the United States under this or any other Act, or (2) certified under section 124A of the Internal Revenue Code (relating to amortization for tax purposes), and no equipment, facilities, or processes owned by the Government shall be installed under the authority of this or any other Act in any plant, factory, or other industrial facility which is privately owned, unless the President shall have determined that the proposed location of such construction, expansion, or installation is consistent, insofar as practicable, with a sound policy of (1) utilizing fully the human and material resources of the

nation wherever located, (2) dispersing productive capacity for purposes of national security, and (3) minimizing the necessity for further concentrations of population in areas in which available housing and community facilities are presently overburdened.

"(b) In making the determination required by subsection (a), the President shall give consideration to counties, or comparable governmental subdivisions, which

"(1) have natural resources embracing minerals, metals, materials, and other commodities, valuable to the defense program;

"(2) are not fully utilizing their employed labor forces (as indicated by a relatively low rate of production per worker) or are not fully utilizing their natural resources;

"(3) are relatively underdeveloped industrially;

"(4) by reason of outward migration since 1930, have not retained their natural increase in population; and

"(5) are relatively less vulnerable to enemy attack by reason of geographic location, or the absence of heavy concentrations of population or vital defense industry.

"(c) The President shall make quarterly reports to the Congress on the administration of this section. Such reports shall reveal the extent to which the policy objectives of this section have been attained, the cases in which they have been found impracticable of attainment, and the criteria used in such cases. Such reports may include such recommendations as the President may deem appropriate."

6. Page 14, strike out "(a)" in line 4 and all that follows down through line 21.

7. Page 14, after line 21, insert the following:

(a) Paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by inserting after the third sentence thereof the following new sentence: "No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture."

8. Page 15, strike out line 6 and all that follows down through "For" in line 19; and at the end of line 19, insert the following: "by adding at the end thereof the following new sentences: 'For'."

9. Page 16, after line 8, insert the following new subsection (c):

(c) The third sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "; and equitable treatment shall be accorded to all such processors."

10. Page 16, after line 13, insert the following new subsection (d):

(d) The fifth sentence of paragraph (3) of subsection (d) of section 402 of the Defense Production Act of 1950 is amended by striking out "used for distribution as fluid milk"; by striking out "parity prices for such milk" and inserting in lieu thereof "parity prices for milk"; by striking out "such fluid milk" and inserting in lieu thereof "milk"; and by striking out "for fluid milk" and inserting in lieu thereof "for milk".

11. Page 16, strike out line 22 and all that follows down through line 22 on page 17.

12. Page 17, after line 22, insert the following new subsection (e):

(e) Subsection (e) of section 402 of the Defense Production Act of 1950 is hereby amended by adding at the end thereof the following new paragraph:

"(vii) Prices charged and wages paid for services performed by barbers and beauticians."

13. Page 18, strike out lines 5 to 8, inclusive, and insert in lieu thereof the following:

(f) Section 404 of the Defense Production Act of 1950 is amended to read as follows:

"SEC. 404. In carrying out the provisions of this title, the President shall advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder, including representatives of businessmen, farmers, workers, and consumers, and, so far as practicable, in carrying out the purposes of this title shall give due weight to their recommendations."

14. Page 18, line 19, strike out "(e)" and insert in lieu thereof "(g)"; page 19, line 4, strike out "(f)" and insert in lieu thereof "(h)"; page 19, line 19, strike out "(g)" and insert in lieu thereof "(i)"; and page 19, line 24, strike out "(h)" and insert in lieu thereof "(j)".

15. Page 20, strike out line 14 and all that follows down through line 18 on page 23; and page 23, line 19, strike out "(g)" and insert in lieu thereof "(e)".

16. Page 23, strike out line 23 and all that follows down through line 22 on page 40.

17. Page 40, after line 22, insert the following new section:

SEC. 105. (a) Section 403 of the Defense Production Act of 1950 is hereby amended by changing the period at the end of the first sentence to a colon and adding the following: "*Provided, however,* That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees."

(b) Section 502 of the Defense Production Act of 1950 is amended by changing the period at the end of the last sentence thereof to a colon and adding the following: "*Provided, however,* That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. And agency provided for by such Act, including any panel or panel board establishey by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: *Provided further,* That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made."

(c) The second sentence of section 503 of the Defense Production Act of 1950 is hereby amended to read as follows: "No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title."

18. Page 42, line 19, strike out "(a)" and all that follows down through the quotation mark on page 43, line 2.

19. Page 43, at the end of line 2, insert the following:

(a) Section 601 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new automobile, or (2) require a down payment of more than one-fourth or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a used automobile, or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the

purchase of any household appliance (including phonographs and radios and television sets), or (4) require a down payment of more than 10 per centum or fix a maximum maturity of less than twenty-one months in connection with instalment credit extended for the purchase of household furniture and floor coverings, or (5) require a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment credit extended for residential repairs, alterations, or improvements. The board shall recognize freight costs on automobiles and make due allowance by further extending maximum maturities in connection with instalment credits extended for the purchase of automobiles so as to equalize as nearly as practicable monthly payments throughout the United States."

20. Page 44, line 14, after "amended", insert the following:

(1) by striking out the period and inserting in lieu thereof the following: ": *And provided further*, That no more than 6 per centum down payment shall be required in connection with the loan on any home guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, and the cost of which home does not exceed $12,000.", and (2)

21. Page 45, strike out line 7 and all that follows down through line 7 on page 48.

22. Page 48, line 12, strike out the semicolon and all that follows down through "credit' " in line 16.

23. Page 48, after line 16, insert the following:

SEC. 108. (a) Section 701 (b) (ii) of the Defense Production Act of 1950 is hereby amended to read as follows:

"(ii) Such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry, and each such committee may, without expense to the Government, appoint a secretary and/or counsel who may, if not a member of the committee, attend all meetings of such committee but without vote;".

24. Page 49, after line 7, insert the following:

(b) Subsection (c) of section 701 of the Defense Production Act of 1950 is amended by striking out "and having due regard to the needs of new businesses" and inserting in lieu thereof the following: ": *Provided*, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production".

25. Page 49, line 15, strike out "108" and insert in lieu thereof "109".

26. Page 50, strike out lines 4 to 13, inclusive.

27. Page 50, after line 13, insert the following:

(b) (1) Subsection (a) of section 705 of the Defense Production Act of 1950 is amended by inserting after "take the sworn testimony of," the following: "and administer oaths and affirmations to,".

28. Page 50, after line 17, insert the following:

(2) Section 705 of the Defense Production Act of 1950 is further amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting the following new subsection:

and in line 22, strike out "(e)" and insert in lieu thereof "(d)".

29. Page 51, line 21, strike out "any part of".

30. Page 52, after line 7, insert the following new section:

SEC. 110. (a) Title VII of the Defense Production Act of 1950 is amended by adding after section 713 the following new section:

"SEC. 714. (a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the

objectives of this Act. In order to carry out this policy there is hereby created a body corporate under the name 'Small Defense Plants Corporation' (hereinafter referred to as the Corporation), which Corporation shall be under the general direction and supervision of the President. The principal office of the Corporation shall be located in the District of Columbia, but the Corporation may establish such branch offices in other places in the United States as may be determined by the Administrator of the Corporation.

"(2) The Corporation is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of $50,000,000 outstanding at any one time. For this purpose appropriations not to exceed $50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Corporation from the revolving fund when requested by the Corporation.

"(3) The management of the Corporation shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of $17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Corporation. Deputy Administrators shall be paid at the rate of $15,000 per annum.

"(4) The Corporation shall not have succession, beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Corporation; to define their authority and duties, require bonds of them, and fix the penalties thereof; and to prescribe, amend, and repeal, by its Administrator, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed. The Administrator shall determine and prescribe the manner in which the Corporation's obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.

"(5) All moneys of the Corporation not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Corporation or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Corporation in the general performance of its powers conferred by this section. All insured banks, when designated by the Secretary of the Treasury, shall act as depositaries, custodians, and financial agents for the Corporation.

"(b) (1) The Corporation is empowered—

(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturities as it may determine, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work or new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, supplies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise;

"(B) to purchase or lease such land; to purchase, lease, build, or expand such plants; and to purchase or produce such equipment, facilities, machinery,

materials, or supplies, as may be needed to enable the Corporation to provide small-business concerns with such land, plants, equipment, facilities, machinery, materials, or supplies as such concerns may require to engage in the production of such articles, equipment, supplies, or materials;

"(C) to lease, sell, or otherwise dispose of to any small-business concern any such land, plants, equipment, facilities, machinery, materials, or supplies;

"(D) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Corporation to furnish articles, equipment, supplies, or materials to the Government;

"(E) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Corporation to perform such contracts; and

"(F) to provide technical and managerial aids to small-business concerns conducting and stimulating technical research, by maintaining a clearing house for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Corporation.

"(2) In any case in which the Corporation certifies to any officer of the Government having procurement powers that the Corporation is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be required to let such procurement contract to the Corporation upon such terms and conditions as may be specified by the Corporation. Such subcontracts may be let upon such terms and conditions as the Corporation may deem appropriate in accordance with such regulations as may be prescribed under section 201 of the First War Powers Act, 1941, as amended.

"(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

"(2) Whoever, being connected in any capacity with the Corporation, (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (B) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (D) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

"(d) Whenever the Corporation has completed any transaction under clause (B), or (C) of subsection (b) (1) of this section, it may transfer the plant, equipment, facilities, machinery, materials, supplies, leases, or other property resulting from such transaction to the Reconstruction Finance Corporation, and the Reconstruction Finance Corporation shall service and administer such property, as the agent of the Corporation, remitting to it any interest, principal, or other proceeds or collections, after deducting actual expense of service and administration.

"(e) (1) It shall be the duty of the Corporation, and it is hereby empowered, to coordinate and to determine the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

"(2) It shall be the duty of the Corporation, and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting production by business enterprises, in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

"(3) All governmental agencies are required, before issuing orders limiting production by or granting priorities to business enterprises, to consult and cooperate with the Corporation in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies, and materials for national defense and essential civilian purposes.

"(f) The Corporation shall have the power, and it is hereby directed, whenever it determines such action is necessary—

"(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities: *Provided*, That in making such inventory the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State, if such an inventory is available or in prospect;

"(2) to consult and cooperate with officers of the Government having procurement powers in order to utilize the potential productive capacity of plants operated by small-business concerns;

"(3) to obtain detailed information as to the methods and terms which Government prime contractors utilize in letting subcontracts and to take action to insure the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

"(4) to take such action in the letting of Government procurement contracts as is necessary to provide small-business concerns with an adequate incentive to engage in defense and essential civilian production and to facilitate the conversion and the equipping of plants of small-business concerns for such production;

"(5) to certify to the Reconstruction Finance Corporation, or any of its subsidiaries, the amount of funds required to convert to defense production any plant of a small-business concern interested in obtaining from the Reconstruction Finance Corporation, or any of its subsidiaries, the funds necessary to provide for such conversion;

"(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated 'small-business concerns' for the purpose of effectuating the provisions of this section;

"(7) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

"(8) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this section;

"(9) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

"(10) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

"(11) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

"(12) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

"(g) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Corporation to be a competent Government contractor with respect to capacity and credit as to a specific

Government procurement contract, the officers of the Government having procurement powers are directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

"(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof if it is determined by the Corporation and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program.

"(3) No certificate of necessity, afforded under section 124A (e) of the Internal Revenue Code shall be granted a prime or subcontractor for the construction, reconstruction, erection, installation, or acquisition of a facility for the production of any material when productive facilities are available which can reasonably meet the same need.

"(4) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be made available to the Corporation, to be allocated by it to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Corporation.

"(h) The Corporation shall make a report every ninety days of operations under this section to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Corporation, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Corporation may deem appropriate.

"(i) The Corporation is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the defense program and, whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

"(j) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Corporation as provided in (b) (1) (A) of this section, not to exceed an aggregate of $100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

"(k) Section 101 of the Government Corporation Control Act is amended by inserting immediately after 'Commodity Credit Corporation;' the following: 'Small Defense Plants Corporation;'.

"(l) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section."

(b) The presently designated sections 714, 715, and 716 of the Defense Production Act of 1950 are redesignated as sections 715, 716, and 717, respectively.

31. Page 65, line 17, strike out "(f) Section" and insert in lieu thereof "Sec. 111. The presently designated section".

32. Page 65, line 23, strike out "1953" and insert in lieu thereof "1952".

33. Page 65, strike out line 24 and all that follows down through line 24 on page 71.

34. At the beginning of page 72 insert the following:

TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

SEC. 201. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended by striking out "June 30, 1951" and inserting in lieu thereof "June 30, 1952".

SEC. 202. (a) The Housing and Rent Act of 1947, as amended, is amended by striking out "Housing Expediter" wherever it appears therein and inserting in lieu thereof "President".

(b) Section 204 (a) of the Housing and Rent Act of 1947, as amended, is repealed.

(c) Section 206 (e) of the Housing and Rent Act of 1947, as amended, is amended by striking out "The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys" and inserting in lieu thereof "Attorneys".

(d) Section 208 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"SEC. 208. The President shall administer the powers, duties, and functions conferred upon him by title II of this Act through the new independent agency created pursuant to section 403 of the Defense Production Act of 1950; and he shall administer the powers, duties, and functions conferred upon him by title I of this Act through such officer or agency of the Government as he may designate. In accordance with the action taken by him pursuant to the preceding sentence, the President shall provide for appropriate transfers of records, property, necessary personnel, and unexpended balances of appropriations, allocations, and other funds heretofore under the jurisdiction of, or available to, the Office of the Housing Expediter. Any employees of the Office of the Housing Expediter not so transferred shall, unless transferred to other positions in the Government, be separated from the service. The President shall make such provisions as he shall deem appropriate for the termination and liquidation of the affairs of the Office of the Housing Expediter. For the purposes of determining the status of employees transferred to the agency administering functions provided for in this Act, and in the Defense Production Act of 1950, as amended, they shall be deemed to be transferred in connection with a transfer of functions."

SEC. 203. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by adding at the end thereof the following:

"(k) Notwithstanding any other provision of this Act, the President shall by regulation or order establish such maximum rent or maximum rents as in his judgment will be fair and equitable for any housing accommodations (1) in any State which by law declares that there exists such a shortage in rental housing accommodations as to require Federal rent control in such State, or (2) in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body, reached as a result of a public hearing held after ten days' notice, that there exists such a shortage in rental housing accommodations as to require Federal rent control in such city, town, village, or unincorporated area in such county. In establishing any maximum rent for any housing accommodations under this subsection the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall deem to be of general applicability in respect to such accommodations including increases or decreases in property taxes and other costs within such area.

"(l) Notwithstanding any other provisions of this Act, whenever the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that any defense-rental area (whether then or ever controlled or decontrolled under this Act or under State or local law) is a critical defense housing area, the President shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations, not then subject to rent control, in such area or portion thereof as in his judgment will be fair and equitable. Notwithstanding the provisions of section 202 (c) the term 'controlled housing accommodations' as applied to any such critical defense housing area shall include all housing accommodations in the area, without exception. In establishing any maximum rent for any housing accommodations under this subsection, the President shall give due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24, 1950, to June 24, 1950, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations, including increases or decreases in property taxes and other costs within such defense-rental area. Maximum

rents in any critical defense housing area shall be terminated at such time as the Secretary of Defense and the Director of Defense Mobilization, acting jointly, shall determine and certify to the President that such area is no longer a critical defense housing area, or as provided in subsection (e) or (j) of this section: *Provided, however,* That in any area where maximum rents are removed under the procedures provided in subsection (e) or (j) of this section, maximum rents may be reestablished after the expiration of thirty days on the determination and certification of the Secretary of Defense and the Director of Defense Mobilization, acting jointly. No area shall be certified as a critical defense housing area under the authority granted in this subsection unless all the following conditions exist in such area:

(A) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

"(B) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

"(C) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

"(m) Whenever an area has been certified under subsection (l) to be a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be suspended with respect to new housing construction in such area, the cost of which does not exceed—

"(A) $9,000 for single-family dwellings or $16,500 for two-family dwellings, constructed for sale or rent, except that these amounts may be increased to not to exceed $10,000 or $17,500, respectively, in any geographical area where the President finds that cost levels so require: *Provided,* That if the President finds that it is not feasible within the aforesaid dollar-amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar-amount limitations by not exceeding $1,200 for each additional bedroom (as defined by the President) in excess of two contained in each family unit if he finds that such unit meets sound standards of livability as a three-bedroom or a four-bedroom unit, as the case may be.

"(B) $9,000 per family unit (or $8,000 per family unit if the number of rooms in a multifamily rental property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided,* That the President may by regulation increase such dollar amount limitations by not exceeding $1,000 in any geographical area where he finds that cost levels so require.

In any such critical defense housing area where maximum rents are removed under procedure provided in subsection (e), (j), or (l) of this section the suspension of credit controls provided for in this subsection shall terminate immediately. The fact that any area has been certified as a 'critical defense housing are' a under subsection (l) shall not make such area ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement of any sort.

"(n) Notwithstanding any other provisions of this Act, in order to compensate for increases in costs and prices which have occurred, the maximum rent in effect on the date of enactment of this subsection for any housing accommodation shall. upon sworn application, be increased to 120 per centum of the following: The maximum rent for the housing accommodation (or a comparable housing accommodation) in effect on June 30, 1947, plus the amount of any increase allowed or allowable under this Act for major capital improvements or for increases in living space, services, furniture, furnishings, or equipment, and minus any decrease required or requirable under this Act for decreases in living space, services, furniture, furnishings, or equipment, or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. Any increase in a maximum rent applied for under this subsection which is based upon the maximum rent in effect on June 30, 1947, for the particular housing accommodation and upon increases and decreases actually allowed under this Act shall be effective upon the filing of the application. Nothing in this subsection shall require the reduction of any maximum rent, nor prevent such additional adjustment for increases in costs and prices as the President may deem appropriate."

SEC. 204. Section 205 of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this Act, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) $50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) one month's rent or $50, whichever is greater, or (2) not more than three times such monthly rent, or $150, whichever is greater: *Provided*, That the amount of such liquidated damages shall be the amount of one month's rent or $50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(c) Suit to recover liquidated damages as provided in this section may be brought in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: Provided, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered."

SEC. 205. Section 206 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(1) It shall be unlawful for any person to demand, accept, receive, or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this Act, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded, any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this Act or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this Act or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this Act.

SEC. 206. (a) The first sentence of section 202 (c) (1) (A), of the Housing and Rent Act of 1947 is amended by striking out the following: "which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and".

(b) Section 202 (c) (1) (B) of such Act is repealed.

SEC. 207. Section 202 (d) of such Act (defining defense-rental area) is amended by inserting after "204 (i) (1) or (2)" the following: ", 204 (k), or 204 (l)".

SEC. 208. (a) The last sentence of section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting after the word "section" the following: "for persons engaged in national defense activities and".

(b) Section 4 (e) of such Act is amended by striking out "June 30, 1951" and inserting in lieu thereof "June 30, 1952".

SEC. 209. Section 215 of the Independent Offices Appropriation Act, 1946 (59 Stat. 134), and section 213 of the Independent Offices Appropriation Act, 1947 (60 Stat. 81), are hereby repealed.

SEC. 210. Section 202 (a) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

"(a) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency."

SEC. 211. Nothing in this Act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

II. INTRODUCTORY STATEMENT

When the North Korean armies swept across the thirty-eighth parallel 1 year ago to attack the Republic of Korea without provocation, historic events were set in motion throughout the free world. To meet the immediate threat in Korea and to counter the dangers of Communist imperialism throughout the world, this country responded in two ways: we provided leadership for the forces of the United Nations fighting in Korea and we launched a great program to mobilize our military and economic strength at home.

The basic mandate for this program was provided in the Defense Production Act of 1950 (Public Law 774, 81st Cong., approved September 8, 1950), enacted by the Congress within 3 months after the fighting in Korea began. This act provides most of the powers required for effective operation of the mobilization program and contains the tools with which we can build our national security and strengthen the nations of the free world. In the 9 months since September 1950, when the act became law, important steps have been taken to mobilize the entire economy of the Nation toward achievement of the objectives considered vital to national defense and world peace.

Since the Defense Production Act will expire on June 30, 1951, your committee has held extensive hearings on the desirability of extending and strengthening this legislation. Leading Government officials concerned with the mobilization program and spokesmen for many private groups and organizations representing all segments of the economy have presented their views. In the course of these hearings which began on May 8 and which were concluded on June 8, comprehensive testimony has been received covering the full gamut of mobilization activities including numerous recommendations for future action. While opinions concerning the mobilization program varied, one fact, uncontroverted by any witness, stood out: the major impact of our military build-up on the Nation's economy, both with

regard to scarcities of essential materials and inflationary pressures on prices and wages, is still to come.

III. Mobilization Policy

The fundamental policy underlying the mobilization program is set forth in section 2 of the Defense Production Act. Congress there recognized that successful opposition to acts of aggression and effective promotion of world peace require collective action through the United Nations and with the other free nations of the world. To carry out these responsibilities, it is necessary that we develop and maintain military and economic strength sufficient effectively to support the requirements of our defense program. At the same time we must minimize undue strains and dislocation upon wages, prices, and production and distribution of materials for civilian use, within the framework of the American system of competitive free enterprise. The mobilization program is thus geared to a dual objective. Production and capacity must be expanded beyond any level in our history and at the same time economic stability must be maintained. If we were to achieve the necessary expansion of our productive plant and in the meantime lose our economic strength, we will have played into the hands of our enemies as much as if we failed in the production effort.

A. PRODUCTION

The defense production program contemplates the immediate production of the munitions of war and equipment necessary to support our forces in Korea, for our expanded military forces at home and abroad, and for military aid to our allies. It is also directed toward providing reserves of supplies and equipment and toward building the productive power that will make possible an immediate and rapid expansion of military output in the event of war. Further, it calls for an increase in our basic industrial capacity to support high levels of both military and civilian production at later stages in the defense effort, or, if necessary, to support full-scale war. Moreover, an essential part of our production planning is the encouragement of the maximum output of agricultural products, both for consumption and for industrial and military use.

This program calls for the expenditure of over $50 billion a year for 3 years to develop and sustain the projected military build-up. So large a portion of national production cannot be devoted to defense purposes without creating civilian shortages during the interval in which the programed increase in productive capacity is being accomplished. Accordingly, until capacity and supply have been adequately expanded, materials in short supply and facilities essential for defense production must be diverted from the production of civilian goods and harnessed into the defense production program.

B. STABILIZATION

The shortages of civilian goods which attend the diversion of supplies and facilities from civilian to defense production, allied with the enhanced purchasing power which accompanies a period of full employment, sets the stage for violent inflationary movements. More money begins to bid for less goods and the spiral of inflation begins.

The only real answer to this problem is to balance supply and demand by increased production. However, until production levels which meet both increased military requirements and normal civilian demands are attained, controls must be resorted to if economic stability is to be maintained.

Accordingly, the mobilization program places reliance upon various economic controls, voluntary and mandatory, direct and indirect, affecting prices, wages, and credit, to resist the upward drive of inflationary pressures generated by the production effort. Personal savings must be encouraged in order to withdraw dollars from the market place at a time when goods are in short supply. Nonessential expenditures unrelated to the defense program should be postponed by Federal, State, and local governments. In addition, taxes must be increased so that excess purchasing power can be further drained and Congress' policy of a pay-as-you-go defense program can be maintained. In short, for stabilization to be effective, all measures must be employed in the manner best calculated to restrain inflationary pressures until the necessary civilian production levels are once again attained.

IV. The Defense Production Act

The Defense Production Act contains most of the powers required in the implementation of the mobilization program. It was designed to be broad and flexible enough to give the President the powers necessary to adapt the complex and intricate economy of the country to the demands of the heavy defense program. At the same time it was not made so broad as to jeopardize the fundamental principles of free enterprise by permitting the complete regimentation of the national economy.

The act begins with a declaration of policy which recognizes the interest of the United States in opposing acts of aggression and promoting peace and declares our determination to develop the military and economic strength necessary to attain these objectives. There are seven titles in the act. Title I provides broad authority for the establishment of a system of priorities and allocations to channel scarce materials into military and essential civilian production. It also prohibits the accumulation of excessive inventories of scarce materials. Title II provides authority to requisition property required in the defense effort. Title III provides for the expansion of productive capacity and supply through guaranteed loans, direct loans, purchasing programs, and other forms of Government assistance. The framework of the economic stabilization program is established in the next three titles. Title IV provides authority for price and wage controls; title V authorizes the establishment of certain procedures for the settlement of labor disputes; and title VI contains provisions for the imposition of controls on consumer and real-estate credit. Finally, title VII contains general provisions necessary for the administration of the authority contained throughout the act.

V. Action Under the Defense Production Act

As a result of problems arising during the brief period between the Korean attack in June and the approval of the Defense Production Act in September immediate action was necessary in many areas.

However, a task of this great magnitude called for effective organization if the desired results were to be obtained. Accordingly, in the days immediately following the passage of the act, and at the same time that certain basic policies were being formulated, the organization necessary for effective implementation of the act was being established. There follows herewith a summary of the principal actions taken to implement the Defense Production Act. A detailed roster of specific actions taken pursuant to the authority contained in the act appears in part I, pages 632 to 648 of the committee hearings on the bill.

A. ORGANIZATION

On September 9, 1950, 1 day after signing the Defense Production Act, the President issued Executive Order 10161 in which he delegated certain of his functions under the act to existing executive departments and agencies and established the Economic Stabilization Agency, headed by an Economic Stabilization Administrator. The order also provided for the appointment of a Director of Price Stabilization and a Wage Stabilization Board of nine members within the Economic Stabilization Agency.

During the weeks that followed, executive officers charged with the functions under the act assigned responsibilities to units within their respective departments. On September 11, 1950, the Secretary of Commerce established a National Production Authority within the Department of Commerce, to administer the priorities and allocations powers delegated to him. On September 15, the Secretary of Agriculture delegated to the Production and Marketing Administration the responsibilities assigned to the Secretary of Agriculture. On October 3, 1950, the Secretary of the Interior established the Petroleum Administration for Defense, and sometime later the Defense Minerals Administration, the Defense Power Administration, the Defense Solid Fuels Administration, and the Defense Fisheries Administration. The Secretary of Labor established the Office of Defense Manpower, the name of which was later changed to the Defense Manpower Administration. The Defense Transport Administration was created by the Interstate Commerce Commissioner who had been delegated functions under the Defense Production Act.

Following the Chinese Communist intervention in Korea in November 1950, the tempo of the defense effort was further increased. On December 16, the President proclaimed the existence of a national emergency. On the same day, he issued Executive Order 10193 providing for the establishment of the Office of Defense Mobilization. The Director of Defense Mobilization was authorized to direct, control, and coordinate on behalf of the President all mobilization activities of the executive branch of the Government. It was also provided that all Defense Production Act functions theretofore delegated or assigned were to be performed by the officials concerned subject to the direction and control of the Director of Defense Mobilization.

By the beginning of 1951, the need for a programing agency for the production phase of the mobilization effort had become apparent. Accordingly, on January 3, 1951, the President issued Executive Order 10200 providing for the creation of the Defense Production Administration. The head of this agency, the Defense Production Administrator, was assigned programing and coordinating responsibilities with

respect to priorities, allocations, requisitioning, voluntary agreements, loans, and purchasing. In addition, the Defense Production Administrator was designated as certifying authority for accelerated tax amortization certificates authorized in the Revenue Act of 1950, a function which had formerly been vested in the Chairman of the National Security Resources Board. The Executive Order provided for the establishment of the Defense Mobilization Board, a cabinet level group, under the chairmanship of the Director of Defense Mobilization and advisory to him.

On March 15, 1951, the mobilization organization was rounded out by establishment of the National Advisory Board on Mobilization Policy. This Board, composed of 16 members appointed by the President and under the chairmanship of the Director of Defense Mobilization, was created to advise the President respecting the mobilization program. One of the first projects which this group embarked upon was to recommend a method by which the Wage Stabilization Board, rendered inoperative by the resignation of the labor members in mid-February, could resume its activities. On April 17, the National Advisory Board recommended the reconstitution of the Wage Stabilization Board as an 18-man tripartite Board with power to make recommendations for the settlement of labor disputes under specified conditions. These recommendations were placed into effect by the President on April 21, 1951, in Executive Order 10233 and the Wage Board, so reconstituted, is now in operation.

Also during this period three interagency committees were established in the Office of Defense Mobilization. The basic purpose of each of these groups was to achieve coordination among Government agencies concerning problems affecting their particular responsibilities. A Committee on Defense Transportation and Storage, chaired by the Under Secretary of Commerce, provides policy coordination and advice on transportation and storage problems; a Foreign Supplies and Requirements Committee, chaired by the Economic Cooperation Administrator, reviews and evaluates foreign requirements for supplies produced in the United States and our requirements for foreign supplies; and a Committee on Manpower Policy, chaired by a manpower specialist from the Office of Defense Mobilization, provides coordination and advice on problems relating to manpower. A Science Advisory Committee, headed by a member of the Office of Defense Mobilization staff and composed of 11 of the Nation's outstanding scientists from both within and outside the Government, has also been established. This committee, appointed by the President, serves as a coordinating and advisory body on scientific matters affecting the defense effort.

B. PROGRAMS

1. *Production.*—At the time the Defense Production Act was enacted, American industry was operating at a peak level. Large quantities of goods to meet an unprecedented civilian demand were being produced and military production was being maintained on a limited scale. But shortages of important materials had begun to develop. Consequently, the National Production Authority on September 18, 1950, under authority of title I of the act, issued regulation 1 controlling inventories of many materials in short supply in order to prevent accumulations beyond what was necessary for im-

mediate production. Early in October the NPA established the Defense Order (DO) system of broad priorities, a single rating band with no degree of preference within the band. Throughout the remainder of 1950, the NPA promulgated specific rules regarding the use of steel, rubber, aluminum, tin, copper, zinc, nickel, and cobalt. Early in January 1951, the scrap used in producing many of these important metals was placed under control. By the middle of January, in order to further conserve critical materials in short supply, substantially all new commercial building construction was subjected to NPA authorization.

By the end of February, the regulations and orders promulgated by the NPA under the direction and supervision of the Defense Production Administration encompassed the full gamut of materials necessary for defense production. It had also placed into operation a program which permits all business establishments, when necessary, to use priority ratings to procure equipment and supplies for the maintenance, repair, and operation (MRO) of their existing facilities. The NPA has thus laid the necessary ground work for the commencement of a controlled-materials plan (CMP) applicable to steel, copper, and aluminum scheduled to go into effect on July 1, 1951.

Other programs were initiated with a view to achieving increased defense production. On September 27, 1950, the Federal Reserve Board under the authority of section 301 of the act issued regulation V, inaugurating guaranteed loans patterned after the V-loan program of World War II. Up to June 11, 1951, the Board had approved 402 applications for such guaranties for about $515,000,000. Under authority of section 302 of the act, the Defense Production Administration as of June 11, 1951 had certified 37 direct loans for private business enterprises amounting to $62,000,000 to the Reconstruction Finance Corporation, as the disbursing agency for the expansion of productive capacity, the development of technological processes, or the production of essential materials. In addition to such amount, the Reconstruction Finance Corporation had made loans in the amount of $61,681,000 for defense purposes under its basic lending authority. By June 15, 1951, under the supervision of the Defense Production Administration, procurement activities undertaken pursuant to section 303 of the act, had resulted in gross obligations of some $502,000,000 in projects involving revolving funds for contingent liabilities under procurement contracts, the purchase and resale by the General Services Administration of essential defense materials, and a program in the Department of the Interior for the encouragement of exploration of critical and strategic minerals and metals. Accelerated amortization certificates totaling $6,709,000,000 had been approved as of June 11, 1951, for the expansion of facilities required in the defense effort.

In order to assist participation by small business in these production programs, the Government agencies concerned with procurement have established special facilities to make procurement information and technical advice available to interested small-business enterprises. Offices concerned solely with small-business problems have been established in the Defense Production Administration and the National Production Authority. Efforts have been made not only to assist small business in participating in defense production at the subcontracting level but also to increase the number of prime contracts going to small business.

Under the programs inaugurated by the Department of Agriculture, agricultural production goals for 1951 call for the greatest total volume in history—45 percent more than the 1935–39 average. Increases are specifically being encouraged in cotton, corn, wheat, rice, and truck crops. In addition, feed crops, especially corn, are being emphasized and improvement in yields of grass and hay crops are being urged in order to meet increasing demands for livestock products.

A sustained defense production effort requires effective utilization of manpower, an important element in any production program. The problems in this field are particularly acute since the complement of the Armed Forces has more than doubled in the last year and Secretary of Labor Tobin informed your committee that the labor force would have to be augmented by an additional 3,000,000 persons to meet additional defense requirements and to maintain the civilian economy. The conversion from civilian to military production, unless carefully coordinated and controlled, can result in serious dislocations in many areas causing a waste of skilled manpower. To meet the goals set forth in the Defense Production Act and to avoid such dislocations, Government programs dealing with recruitment and training have been instituted. In addition, efforts have been made to maintain the mobility of the labor force so that it will be available in the places and at the times it is needed. With this objective in mind, the Defense Production Administration has established the Critical Areas Committee which is assigned the responsibility of determining the requirements for housing and other facilities needed by military personnel or defense workers brought into an area to carry out essential defense activities. Where necessary, an area is designated as a critical defense-housing area and restrictions on residential credit may be relaxed on a selective and controlled basis in order to facilitate the construction of essential housing. By June 20, 1951, this had been done in 17 specific areas throughout the country.

2. *Credit restrictions.*—The Federal Reserve Board, on September 18, 1950, by regulation W, issued under the authority of section 601 of the Defense Production Act, imposed restrictions on consumer installment credit. On October 12, the Reserve Board's regulation X, which was issued under section 602 of the act with the concurrence of the Housing and Home Finance Administrator, restricting residential real estate construction credit, became effective. In addition to reducing inflationary pressures by restricting the flow of funds into the mortgage market, this regulation, by reducing new home construction, made scarce materials and labor available for the defense program. On October 16, regulation W was amended to further restrict credit consumer credit. A Voluntary Credit Restraint Committee, created in March 1951, has completed the formation of regional committees and has formulated criteria and procedures for restricting nonessential business financing and for the postponement of State and local government borrowing.

3. *Price controls.*—About the time the Defense Production Act became law, the inflationary pressures set off by the wave of anticipatory buying at the outbreak of the Korean War had begun to diminish. The situation in Korea had improved dramatically, leading to a decrease in pressures on world commodity markets and on domestic supplies. Higher taxes had been imposed by Congress; consumer credit controls had been imposed by the Federal Reserve Board.

Inflationary pressures resulting from deficit financing by Government were absent. Prices, nevertheless, started up once again and when the Chinese Communists entered the Korean War in late November, prices climbed steadily upward. A program of voluntary price controls was instituted by the Economic Stabilization Agency in early December, but price increases continued.

The failure of voluntary price controls and the unarrested upward trend of prices throughout January 1951 made resort to direct mandatory controls imperative. Accordingly, a general freeze was imposed on all prices on January 26, 1951. Under the General Ceiling Price Regulation (GCPR) all prices except certain farm commodities and items specifically exempted by statute were frozen at the highest levels they had reached between December 19 and January 25.

All of the distortions in the price structure then in existence were locked into position by the general freeze, and fairness required that these inequities be removed. The GCPR, in consequence, is constantly being supplanted by specific regulations designed to eliminate inequities and remove unnecessary and unreasonable hardships in particular industries and businesses. In addition, various major regulations have been promulgated. These include a regulation governing general merchandise at retail, regulations covering the so-called dry groceries, and a general manufacturer's regulation, relying upon a basic formula of pre-Korea prices plus increases in cost. Comprehensive regulations governing beef and livestock were placed into effect. Specific dollars and cents ceilings for all sales at wholesale and retail were placed upon beef. Prices paid by packers and slaughterers were controlled through a livestock regulation. A distribution records regulation, to aid in maintaining the meat distribution pattern of 1950, also was issued.

4. *Wage controls.*—In accordance with the mandate of title IV, a general freeze on wages accompanied the freeze on prices on January 26. The same "thawing-out" process which followed the general freeze on prices then took place with respect to wages. A "catch-up" formula was promulgated to provide blanket authority for the negotiation of wage increases up to 10 percent over levels prevailing on January 15, 1950. When the Board ceased operation in mid-February following the resignation of the labor members, certain additional regulations, which had been on the Board's agenda prior to its cessation, were issued by the Economic Stabilization Administrator.

Although the Board remained inoperative until its reconstitution on April 21, 1951, the policies it established remained in effect. The reconstituted Board has begun consideration of the thousands of individual cases which have been filed since the wage freeze was put into effect—cases in which individual employers and their employees have agreed to wage rate increases which in one way or another exceed the 10 percent ceiling on permissive increases. In considering individual cases, the Board has approved a number of above-ceiling increases on grounds of hardship or inequity, abnormal base period factors, or for the purpose of assuring adequate manpower for certain defense industries. Although the Executive order reconstituting the Board granted it limited disputes powers under specific circumstances, it has not exercised this authority to date.

VI. Need for Extending the Defense Production Act

Testimony before your committee made it clear that the full impact of the defense program has not yet been felt. The contract stage of the defense effort has proceeded rapidly. Since January of this year military orders have been placed at an average rate of $1 billion a week. More than $27 billion have been obligated for our military requirements and those of our allies since the outbreak of hostilities in Korea. It is estimated that by July 1, 1952, at least an additional $60 billion will have been obligated. But the amount of obligated funds does not mean that the materials of war are now rolling off the production lines at that rate. There is an unavoidable lead-time between the placing of a contract and the actual receipt of the goods.

Moreover, the record before your committee indicates that the basic programs to expand the capacity for the production of essential materials are just getting under way. These expansion programs in themselves will consume vast amounts of iron, steel, aluminum, and power. Representative of these programs is the planned expansion of iron and steel capacity from 104.2 million tons as of January 1, 1951, to about 118 million tons by January 1, 1953. Similarly, aluminum production, with a reported capacity of 800,000 tons as of March 1951, is to be increased by over 75 percent within the next 4 years. As much as 80 percent of the available supplies of some critical materials may be required for the defense program until these expansion goals are achieved.

It is clear that the greatest scarcity of critical materials and the strongest inflationary pressures on prices and wages will be experienced in the months ahead. At that time the production program will be diverting more basic materials from normal civilian uses to military production, expansion of plant capacity and essential civilian needs. Your committee was impressed by the fact that despite the variance both in opinions regarding existing mobilization operations and in recommendations for future action no witness disagreed that the major impact of our military build-up on the Nation's economy is still to come.

The priorities and allocation powers in title I of the Defense Production Act will thus have a continuing and vital role to play in assuring the most advantageous utilization of materials. They will remain necessary in order to channel materials into military and essential civilian production, including expansion of the Nation's capacity to produce such basic materials as steel, aluminum, and copper. Without an effective system of priorities and allocations there can be no equitable distribution of the basic materials which will remain after military and essential civilian needs are met. Failure to assure equitable distribution of these basic materials might well have dire consequences for the survival of our system of free competitive enterprise and particularly for small business, the backbone of that system. The authority for guaranteed or direct loans, guaranteed purchase contracts, and special procurement arrangements provided for in title III of the act are equally necessary in achieving the increased capacity and supplies needed to minimize shortages of basic materials.

The powers in the act relating to production must be supplemented with sound anti-inflationary measures if the mobilization program is

to be successful. When materials already scarce are diverted to production and expansion for defense, the inflationary pressures generated by the demand for the remaining material become intensified. Unless these inflationary pressures are contained, higher prices for military production and civilian goods will result. Without effective stabilization the taxpayers of the Nation would be saddled with the tremendous burden of the additional costs. Many small-business enterprises, unable to meet increased prices for necessary materials would be forced out of business. Competition for skilled manpower in an already tight labor market would be certain to force wages, and thus prices, upward. In the absence of effective stabilization measures, it would avail us little to control the disposition of essential materials if prices are allowed to soar.

Ample evidence was presented to your committee to document the toll exacted by inflation at the time when a well-rounded stabilization program was not in operation. Secretary of Defense Marshall pointed out that since Korea the cost of military items has risen $7,000,000,000—or approximately 20 percent, through prices alone.

Stabilization powers, in addition to being an essential corollary to production controls, constitute our major weapon against price rises which wipe out personal savings and lower the living standards of the millions of persons living on fixed incomes. The present lull in consumer buying has led to bargain sale liquidation of excessive inventories accumulated as a result of anticipatory and speculative buying. But in the months ahead when increased diversion of essential materials from civilian to defense production will take place, intense pressures tending to drive prices and wages upward will be created. At that time more and more money will be bidding for lesser amounts of goods and services. If prices are permitted to rise, wages would follow, and then prices again and then wages. The Nation would be caught in this vicious spiral and the economic strength upon which our mobilization program depends would be sapped. The only real answer during this period is the maintenance of a firm stabilization program which cannot be achieved without the powers contained in the Defense Production Act.

Representatives of some private organizations have advocated the elimination of price and wage controls. They would rely on greater production, higher taxes, encouragement of personal savings, more stringent limitations on credit, and curtailment of nondefense Government expenditures. Although your committee agrees that these indirect controls should be pursued with vigor, these measures cannot do the job alone. Even with the imposition of the most stringent fiscal and credit policies the gap between available civilian supply and consumer demand will continue throughout the expansion period of our defense program. Under these circumstances indirect controls alone cannot be relied upon to protect our economy. To hazard the success of our mobilization effort on the efficacy of action on these measures alone is a risk which your committee cannot recommend to the Congress during a period so crucial in the Nation's history.

VII. Changes Proposed by the Bill, as Amended

The Defense Production Act has proved to be sufficiently comprehensive in scope to meet the problems arising in the many areas

involved in the operations of our complex economy. To quote Mr. Charles E. Wilson, Director of Defense Mobilization, in his appearance before your committee:

> It is clear that the Defense Production Act has provided an efficient and indispensable mechanism for carrying out the basic objectives of the mobilization program. The flexibility provided generally throughout the act has enabled us, as the Congress anticipated, to adapt necessary orders and regulations to the complex and intricate economy of the country with a minimum of dislocation and inconvenience.

Although the act has proven to be sound in its conception, experience to date has shown that the act should be strengthened or clarified in some respects if our mobilization objectives are to be met most effectively. The legislative changes proposed by your committee are summarized as follows:

A. AMENDMENTS TO TITLES I, II, AND III

(1) *Prohibition against the importation of any article or product manufactured from any raw material upon which domestic priorities or allocations are in effect.*—Your committee has incorporated the provisions of H. R. 282 in section 101 of the bill. It provides that whenever priorities are established or allocations made under title I of the Defense Production Act of 1950 with respect to any raw material, the President shall by proclamation prohibit the importation during the period such priorities or allocations are in effect, of any article or product in the manufacture or production of which such raw material is used; except that this subsection shall not apply to articles and products whose importation is deemed by the President necessary or appropriate to promote the national defense.

(2) *Authority to acquire property by condemnation or by purchase, donation, or other means of transfer.*—The Defense Production Act at present specifically provides only for the requisitioning of real and personal property for defense needs. To make certain that the traditional process of condemnation is also available to the Government, as well as other means of acquiring property, section 102 of the bill as introduced provides that real property, together with personal property located thereon or used therein, may be acquired by this method, as well as by purchase, donation, or other means of transfer, whenever the President deems it necessary in the interest of national defense. Your committee has amended section 102 requiring that the following conditions be met. Before such condemnation proceedings are instituted, the committee amendment would require that an effort shall be made to acquire the property involved by negotiation, unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In the condemnation proceeding the court could order surrender of possession prior to final judgment but only if a declaration of taking was filed in accordance with the act of February 26, 1931, and payment made into court of the estimated value of the property. Unless title to the property is in dispute, the court, upon application, shall promptly pay to the owner at least 75 percent of the amount so

deposited, but such payment shall be made without prejudice to any party to the proceeding. It is further provided that when the Government disposes of property which is acquired under this section by condemnation, or otherwise, it must give the former owner of the property the right of first refusal in the same manner as now provided in the case of requisition.

(3) *Agreement with the Committees on Armed Services of the Senate and of the House of Representatives required in the acquisition of any real property for use of the military services.*—Your committee has also amended section 102 of the bill to require that prior to the acquisition of any real property or interest therein for the use of the military services the agency administering the provisions of this section shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions.

(4) *Broadening of general procurement authority.*—Section 303 (a) of the act now authorizes the procurement by the Government under specified conditions of raw materials which are needed in the defense effort. Question has arisen, however, whether this authorization is broad enough to cover such items as burlap, sheet metal, or extrusions. To enable procurement of needed materials for the mobilization program, section 103 (a) of the bill authorizes procurement of "materials" in lieu of the present authorization for procurement of "raw materials" only.

(5) *Purchase and resale of foreign agricultural commodities.*—Sections 303 (a) and (b) of the act restrict the purchase of agricultural commodities to those acquired for stockpiling or industrial uses and specifies that such commodities may not be sold at lower than the current market price or Commodity Credit Corporation sales price, whichever is higher. Government witnesses testified that as the stabilization program gets further under way it may be desirable to protect our economy against the impact of the cost of needed imported agricultural commodities. It may be necessary to authorize purchases by the Government of such commodities with anticipated loss on resale in those limited areas where the foreign-produced commodities play a significant role in our domestic economy. Section 103 (a) of the bill as introduced provides for such treatment of imported agricultural commodities; the present prohibitions relating to the purchase and resale of domestic agricultural products are specifically retained in the act. In addition, your committee has added an amendment which would prevent the Government from buying any commodity and selling it at less than the established ceiling price for such commodity, or, if no ceiling price has been established, the higher of the following: (i) The current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(6) *Differential subsidies for continuation of essential production and supply.*—The imposition of price controls will of necessity impose greater restrictions on those marginal producers and processors whose methods of operation are more costly than those of average operators in the industry. However, in the present period in which maximum production is the overriding objective, the continuance in business of

such operators is essential. Therefore, rather than bring a windfall to an entire industry by raising price ceilings to accommodate the marginal operators and at the same time increase inflationary pressures, it is less inflationary to pay limited subsidies to marginal producers and processors. Such authority is provided in section 103 (a) of the bill. Under that authority subsidies could be paid to high-cost producers of any material or to high-cost processors of agricultural commodities provided that under fair ceilings or margins their continued production which is needed in the defense effort would otherwise be lost. In addition, authority is provided for the payment of subsidies in those cases where a temporary increase in production, distribution, or transportation threatens to impair maximum production or supply in any area at stable prices. The latter-type subsidy was used most effectively in World War II in maintaining ceiling prices on steel when iron ore had to be transported over the more expensive railroad route due to a short shipping season on the Great Lakes. It was also used in connection with agricultural commodities to offset costs in areas plagued with a temporary shortage of feed.

Government witnesses made it clear that this authority does not authorize across-the-board food subsidies and would be exercised with the greatest discretion.

(7) *Government construction of defense plants.*—The defense production phase of our mobilization program rests primarily upon the efforts of private capital. The Government has encouraged necessary production through tax-amortization certificates, guarantied loans, direct loans, guarantied purchase contracts and special materials procurement programs. However, in a few areas the nature of an undertaking designed solely to meet military needs only may offer no incentive whatsoever for private capital investment. In addition, the high cost of newly developed technological processes threatened with obsolescence at a fairly early date discourage private investment, and yet the Government must obtain the needed production. Mr. Jess Larson, General Services Administrator, advised your committee that the production of titanium is presenting such a problem at this time. Moreover, dispersal objectives cannot be given full consideration in dealing with private industry whose obligations to its investors require emphasis on economic factors.

For this reason section 103 (a) of the bill authorizes Government construction and operation of defense plants, similar to the method followed in the Defense Plants Corporation program of World War II. It is understood by the committee that this authority will be used only in those few instances where private industry is unwilling to undertake a necessary project at terms deemed reasonable in the public interest.

(8) *Borrowing authority.*—The original act provided, in subsection 304 (b), for borrowing from the Treasury for the purposes of expanding productive capacity and supply under sections 302 and 303, in an amount not exceeding $600,000,000 outstanding at any one time. It also provided, in subsection 304 (c), an authorization for appropriation of not in excess of $1,400,000,000 for the same purpose.

No action has ever been taken under the authorization to appropriate cash for the purposes of sections 302 and 303. However, the Third Supplemental Appropriation Act, 1951, increased to $1,600,000,000 the amount authorized to be borrowed from the Treasury.

This action was, in effect, in lieu of the cash appropriation originally authorized and was taken in order to avoid commingling of borrowing authority and cash appropriations for the same operations.

The bill proposes that the authorization for cash appropriations be repealed and that the borrowing authority be raised from the $1,600,000,000 presently authorized to $2,100,000,000. The additional $500,000,000 should be adequate to meet the cash requirements of the program for expanding productive capacity and supply during the fiscal year 1952. The proposed increase in borrowing authority will not, however, provide a sufficient amount to meet all of the contingent liabilities which the Government necessarily will assume in connection with these programs. Guaranties, loans, purchase and sale arrangements, and commitments to purchase upon the happening of contingencies, result in technical obligations of amounts far in excess of the amounts which the Government actually will be required to pay.

The committee feels that no useful purpose is served by providing either cash appropriations or borrowed funds to cover continencies which will never require actual cash payments by the United States. Accordingly, the bill contains language which will permit these programs to be carried on on the basis of the net obligations incurred by the Government against the borrowing authority to be provided. The President would be required to report not less often than once each quarter on the total amount of contingent liabilities assumed by the United States in connection with these programs, together with information as to the basis used for determining the net cost which would operate as an actual charge against the borrowing authority.

(11) *Additional revisions relating to production and supply.*—Changes in the act (described in greater detail in the section-by-section analysis) are also provided to (1) clarify the authority relating to antihoarding regulations (sec. 102 of the act), (2) clarify the authority to construct additions and improvements in Government-owned plants, factories, and other industrial facilities (sec. 303 (d) of the act), and (3) provide authority to install Government-owned equipment, facilities, and provisions in privately owned plants, factories, and other industrial facilities. These revisions are deemed necessary to enable more effective implementation of the mobilization program.

(12) *State and local government procurement.*—The attention of the committee has been called to the fact that a coordinated program should be instituted with respect to assisting procurement agencies of State and local governments in processing their requests for construction materials, equipment, and supplies required in the operations of such governmental entities. The committee was requested to make statutory provision for a centralized claimant agency to which these agencies might present their requirements. While the committee did not deem it advisable to include such a statutory requirement, it is of the opinion that every assistance possible should be given these agencies in presenting their requirements to the proper Federal agency with a minimum of delay and processing.

B. AMENDMENTS TO TITLES IV AND V

Price and wage stabilization

(1) *Prohibition of roll-backs on agricultural commodities.*—Section 104 (a) provides that no ceiling shall be established or maintained for any agricultural commodity below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

(2) *Seasonal computation of parity price.*—Section 402 (d) (3) of the act provides that a price ceiling may not be imposed upon an agricultural commodity below the parity price of that commodity or its highest price during the May 24–June 24, 1950, period, whichever is higher. Both Government and private witnesses appearing before the committee testified to the soundness under present conditions of using the parity price as one of the guides in determining the fair return to the farmer for his production in the defense effort. However, there are certain administrative difficulties inherent in the present parity provisions. Parity is computed on a monthly basis and may fluctuate considerably each month. Thus it is difficult to place a ceiling price upon an agricultural commodity the price of which is fluctuating at or just above parity. In these situations a ceiling which had been imposed one month would have to be removed the following month if parity should rise.

In order to facilitate administration of the parity provision, section 104 (b) of the bill provides that the parity price of the agricultural commodity should be the parity price which existed at the beginning of the marketing season or year for that commodity. This would enable the Office of Price Stabilization to establish for an agricultural commodity which had reached parity a ceiling which would be stable the remainder of the marketing season. The provision retains the congressional intent that parity be used as a measure of the fair share of the national income which the farmer should receive for his contribution to the mobilization program. It adopts a procedure similar to that followed in the Government price-support program under which the support price is announced at the beginning of the marketing season or year and is fixed at that level for the entire period. This provision does not prevent a commodity below parity from rising to parity before a ceiling price may be imposed. It does not change the parity formula. As pointed out by the Secretary of Agriculture, in appearing before your committee, the parity price computed at the beginning of the marketing season, which is also the end of the producing season, reflects most of the investment by the farmers in the crops. If costs have increased during the production season, they are reflected in the parity price on which the legal minimum ceiling is based. Your committee is of the opinion that this change in law will continue the assurance of a fair return to the farmer and at the same time will eliminate confusion and misunderstanding by establishing a more stable minimum ceiling standard for price control of agricultural commodities.

(3) *Equitable treatment to be accorded all processors.*—Section 104 (c) of the bill as amended provides that equitable treatment shall be accorded to all processors, as well as to all producers, as provided in

existing law, whenever ceilings are established or adjustments made on agricultural commodities or on any commodity processed or manufactured in whole or in substantial part therefrom.

(4) *Ceiling prices on milk.*—Section 104 (b) of the bill as introduced would have amended the provision of section 402 (d) (3) in dealing with the setting of ceilings on fluid milk prices in areas not under Federal marketing agreements. The committee retained the language of existing law in this respect.

The committee amendment, however, contained in section 104 (d) of the bill, as amended, would make the present pricing criteria with respect to ceilings on fluid milk applicable to all milk in areas not under Federal marketing agreements.

(5) *Exemption for barbers and beauticians.*—Section 104 (e) of the bill as amended adds to the existing exemptions from price control provided in section 402 (e) of the act a provision for the exemption of prices charged and wages paid for services performed by barbers and beauticians. This committee amendment places such services in the same status as they were in World War II.

(6) *Consultation with interested groups under the price-control program.*—To make certain that all parties affected by proposed price-control regulations are given an opportunity to be heard, section 104 (f) contains an amendment which provides that the President shall advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued thereunder, including representatives of businessmen, farmers, workers, and consumers, and, so far as practicable, in carrying out the purposes of this title shall give due weight to their recommendations.

(7) *Enforcement of price-control regulations.*—Your committee believes that the following revisions included in the bill should be made in the act to assure more effective implementation of the price-control program.

(i) Section 104 (g) revises section 405 (a) of the act so as to authorize the President to prescribe the extent to which payment above ceiling prices may be disallowed by the Government for tax and other purposes. This authority is similar to that now provided in section 405 (b) of the act with respect to violation of wage stabilization regulations.

(ii) Section 409 (c) of the act now provides a ceiling on the damages which may be recovered in civil suits for price overcharges. The provision limits the amount recoverable to treble damages provided that the amount of the award shall not exceed the amount of the overcharge plus $10,000. This provision obviously works in favor of the large-scale violator. For instance, a person may overcharge by $5,000 and the amount of his penalty would be $15,000. Another person may overcharge by $50,000 but the total amount of his civil penalty could not exceed $60,000. To eliminate this obvious discrimination in favor of the large-scale violator, section 104 (i) of the bill amends section 409 (c) of the act to remove the $10,000 limitation so that treble damages can be applied to all price violators.

(iii) Additional methods of making price control more effective are provided in section 104 of the bill by making clear that there may be a disallowance by the Government for tax and other purposes, of fines, penalties, or compromise sums paid as a result of price violations. In

addition, specific provision is made in section 409 of the act to make certain that such remedies as restitution are available to a petitioning party seeking relief from a price violation although a court may not have granted an injunction or a restraining order.

(8) *Separate treatment for industries subject to the Railway Labor Act.*—Your committee has amended the bill by adding a new section 105 which amends titles IV and V of the act so as to provide separate treatment of the problems arising in the stabilization of wages and salaries in industries which are subject to the Railway Labor Act. Its purpose is to recreate, during the present emergency, machinery for the approval of wage or salary adjustments for railroad employees similar to that authorized during World War II under the then-existing stabilization law. Your committee felt that due to the particular nature of the railroad industry, with its many unique problems, such provision was advisable.

(9) *Other actions.*—The bill, as introduced, contained several amendments to title IV of the act which have been stricken from the bill by your committee. They included the following: (1) a limitation upon the present exemption from price control of common carriers and public utilities, and a broadening of the right of intervention in all proposed rate increases; and (2) limited licensing authority to implement price-control enforcement.

C. AMENDMENTS TO TITLE VI

Credit controls

(1) *Relaxation of regulation W.*—Your committee feels that the Board of Governors of the Federal Reserve System has been unduly harsh and unyielding in administering consumer credit controls under authority of section 601 of the act. It was the sincere hope of your committee that they might be persuaded to adopt a more liberal and understanding attitude. It was, therefore, only when your committe became convinced that the Board's position was intractable that it amended section 601 of the act fixing limitations on the maximum-down payments and minimum maturities that may be prescribed by the Board in the exercise of certain consumer credit controls. These restrictions are as follows: New automobiles, one-third down, 18 months' maturity; used automobiles, one-fourth down, 18 months' maturity; household appliances (including phonographs, radios, and television sets), 15 percent down, 18 months' maturity; household furniture and floor coverings, 10 percent down, 21 months' maturity; residential repairs, alterations, and improvements, 10 percent down, 36 months' maturity. Provision is also made that the Board shall recognize freight costs on automobiles and make due allowance by extending amortization periods to equalize as nearly as practical monthly payments throughout the United States and its Territories.

(2) *Terms on home loans made pursuant to the Servicemen's Readjustment Act of 1944.*—The committee amendment proposed by section 106 (c) of the bill amends section 605 of the act (curtailment of real-estate credit under Government insured or guaranteed mortgage programs) by providing that with respect to any loan guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, for the purchase of a home costing not in excess of $12,000, no down payment shall be required in an amount exceeding 6 percent of the cost of the home.

(3) *Other action.*—The bill, as introduced, would have given the President authority to set margin requirements for trading on the commodity exchanges. It would also have provided authority to apply credit restrictions to the sale of existing houses. Such restrictions are presently applicable to the purchase of existing homes which are financed under Government-assisted programs. Your committee has stricken from the bill both the commodity-exchanges provision as well as the proposed control on conventional financing on existing houses.

D. AMENDMENTS TO TITLE VII

General provisions of the act

(1) *Miscellaneous.*—(*a*) The committee amendment contained in section 108 (a) of the bill, as amended, revises section 701 (b) (ii) (providing for the appointment of business advisory committees) so as to authorize the appointment by such a committee, without expense to the Government, of a secretary and/or counsel who may, if not a member of the committee, attend all committee meetings but without vote.

(*b*) In section 108 (b) of the bill, as amended, your committee proposes a revision of section 701 (c) of the act so that in lieu of the present provision requiring that due regard be given to the needs of new business in distributing materials in short supply, there is a mandate that the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.

(*c*) Section 109 of the bill as amended makes the following changes in title VII of the Defense Production Act, which contains general provisions dealing with the administration of the act.

(1) Section 703 (a) of the act is revised to provide authority for the payment of compensation to one person who is the head of an agency created under the Defense Production Act at a rate comparable to the compensation paid heads of executive departments. At present the Director of Defense Mobilization is paid such compensation by relying upon the provisions of the President's emergency fund.

(2) Two new provisions are introduced in the act to (a) make it clear that the President has authority to administer oaths and affirmations in the process of obtaining information necessary in the administration of the act, and (b) authorize the President to dispense with any of the statistical work presently required by law where such action is deemed by the President to be in the interest of national defense. Similar authority was made available to the President under authority of the Second War Powers Act. Action under (*b*) above will enable the President to utilize the full resources of the Government in the statistical field to mobilization needs.

(3) Section 706 of the act is revised to broaden the relief a court may grant when the Government seeks to enjoin violations of the act. This would make it clear that there could be restitution even though no injunctive relief is ordered.

(4) Section 706 (g) of the act is revised to make it clear that Federal courts shall have exclusive jurisdiction of criminal cases and of civil cases, except where otherwise provided in the act, regardless of the amount in controversy.

(5) The President is authorized to provide for the printing and distribution, in such number and manner as he deems appropriate, of reports on the actions taken to carry out the objectives of the Defense Production Act. Under existing law it is not altogether clear that reports of importance may be given adequate circulation to meet the needs of the defense program.

(6) The Defense Production Act is extended to June 30, 1952, but the authority of the Congress by concurrent resolution, or the President by proclamation, to terminate the act, or of the Congress by concurrent resolution to terminate any section of the act is left intact.

(2) *Creation of Small Defense Plants Corporation.*—Your committee has added a new section 110 to the bill which is generally similar to several bills (H. R. 1600–1605) which have been introduced during the current session of the Congress for the purpose of aiding small business.

During the past few months, the Committee on Small Business has conducted field hearings in 19 States, covering virtually every major section of the Nation. More than 500 small-business men have testified at these hearings. It heard from small manufacturers, distributors, and retailers. They have described their difficulties in specific, down-to-earth terms. The testimony of these witnesses presents a uniform pattern—a pattern of critical problems which are not being met by existing agencies, and which will not be met until the Congress establishes an agency specifically designed to give small business an even break during the mobilization period.

The testimony of witnesses at these field hearings has been digested and classified, and analyses have been made by the Small Business Committee of the major problems presented at these hearings and made available to the Banking and Currency Committee. The scores of case histories thus summarized provide abundant evidence of the need for a Small Defense Plants Corporation.

The current problems of small business may be divided into several broad categories:

(*a*) *Small business has been unable to obtain a fair share of defense contracts.*—This is a problem of business life or death to thousands of small manufacturing concerns which have been unable to obtain materials to continue in civilian production. Of course, the path of least resistance is that of loading defense contracts on to large corporations and allowing small business to fall by the wayside. This is the path which was followed in the early years of World War II, when 100 large corporations received 67 percent of prime contracts. During this same period, one-sixth of the small businesses in the Nation closed their doors.

This mistake must not be repeated. Our mobilization program must extend down into the small plants, since they are a major source of our productive strength. The proposed amendment would accomplish this by creating a Small Defense Plants Corporation with authority to certify qualified small businesses for prime contracts. Procurement offices would be directed to accept this authorization as conclusive. This provision would give small businesses definite assurance of a fair share of prime contracts. If forced to do so the Corporation is empowered to take prime contracts and subdivide them among small manufacturers.

(*b*) *Small business has been unable to obtain a fair share of scarce materials.*—Materials shortages fall more heavily upon the small

concerns, which do not have diversified operations and which frequently lack the capital to convert to defense production. Suppliers often favor their own subsidiaries or affiliates at the manufacturing level, and the small plant is left out in the cold.

The Small Business Committee's field hearings have demonstrated conclusively that orders of the National Production Authority have failed to allocate materials equitably. Small manufacturing concerns are not receiving a fair share of such basic materials as steel, copper, and aluminum for civilian production.

The proposed amendment would assure a fair and equitable supply of scarce materials for small business by making the Small Defense Plants Corporation a claimant agency for such materials. A percentage of any materials or supplies which may be allocated under the act would be made available to the Corporation for allocation among small-business firms.

This is a particularly important provision. Other segments of the economy have been represented by claimant agencies, but small business has had no agency to fight for its rights in the scramble for scarce materials.

(c) *Small business has been unable to obtain adequate financing.*—Small businesses seeking defense contracts have found themselves in a vicious circle—they cannot obtain a contract without adequate financing, and they cannot obtain financing without a contract. Many small firms lack funds for conversion of their facilities to defense work. At the same time as the machines of these small firms have been lying idle, large corporations have been expanding their facilities.

The Small Defense Plants Corporation would have the authority to recommend small-business loans to the Reconstruction Finance Corporation to enable small firms to expand or convert their plants, to engage in developmental and experimental work to improve their products, and to obtain adequate working capital. The Reconstruction Finance Corporation would be authorized to make such loans up to an aggregate of $100,000,000 outstanding at any one time. In addition, the Small Defense Plants Corporation could use its own small revolving fund to buy or lease facilities or equipment and in turn sell or lease them to small businesses, when such a course is necessary to facilitate production of a given commodity.

(*d*) *Small business has encountered special difficulties in complying with price and wage ceilings and credit controls.*—Small firms do not have the facilities to interpret complicated regulations or to prepare complicated price charts. They are particularly subject to pirating of workers by large firms which have higher wage scales.

The Small Defense Plants Corporation would be empowered to make studies of the effect of price, credit, and other controls and to make recommendations to the appropriate Federal agencies whenever it finds that such controls discriminate against or impose undue hardship upon small business. This provision is particularly important for small retail firms.

These are the major areas in which the Small Defense Plants Corporation would operate. Your committee's amendment has been designed to fully meet all of the principal difficulties which now face small businesses.

E. AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

As amended by your committee, the bill provides for a 1-year extension of Federal rent control. The outbreak of the Korean conflict, and the mobilization program which we have been forced to undertake, make rent control a continuing national responsibility. The extension and strengthening of Federal rent control is vitally necessary in order to achieve over-all economic stabilization, to insure the production of materials for defense, and to protect military personnel from exorbitant rents during the present national emergency.

Rent is a major item in the family budget. As Mr. Wilson and Mr. Johnston have testified, there can be no stabilization of the cost of living, and hence no successful over-all stabilization, unless rents are stabilized. In the absence of controls, rents would rise on a broad front. The supply of rental housing is still inadequate. The 1950 census reported a vacancy rate of only 1.1 percent for nonseasonal nondilapidated dwelling units offered for rent. In the course of housing surveys in 100 cities during the last half of 1950, the Housing Expediter contacted 1,251 leading realtors and managers of apartment houses and projects. They had 231,720 rental units under their management. Less than two-thirds of 1 percent of these units were vacant.

With so little vacant housing available the stage is set for a sharp rise in rents unless controls are continued and authority for recontrol of critical defense housing is authorized. Rents have already begun to rise in some decontrolled cities. The Bureau of Labor Statistics recently reported that—

> In nine areas where rents have been uncontrolled * * * from 28 to 70 percent of all rental units have experienced rent increases * * *. The average rise in rents since mid-1949 for the nine decontrolled cities was 19.8 percent. In contrast, the cities which remained under control rose an average of 3.5 percent.

These surveys were made several months ago. In the months ahead, purchasing power will continue to expand as hours of work are increased and additional workers are drawn into the labor force. This cannot help but increase the pressure on rents.

As Mr. Wilson pointed out, authority to stablize rents is also essential to the successful prosecution of our industrial expansion and military procurement programs. In addition, as General Myers, Assistant Secretary for Air Stuart, and Mr. Small, Chairman of the Munitions Board, have testified, stabilization of rents is desperately needed to protect military personnel and their families in areas where training camps and bases are being reactivated or expanded.

Exorbitant rents have been reported around many installations. Out of about 500 Army, Navy, and Air Force installations which are active or will be reactivated in the near future, almost half are located in areas which do not have rent control. The housing market areas surrounding many of the remaining installations include decontrolled communities. Many of the communities near these active installations were decontrolled by local or State option and cannot be recontrolled under the present law.

The bill, as amended by your committee, directs the President to administer Federal rent control through the Economic Stabilization

Agency, and to administer the veterans' preference provisions through such officer or agency of the Government as he may designate. It repeals the provisions in the present law authorizing the Housing Expediter to administer such functions and directs the President to liquidate the Office of the Housing Expediter.

It also authorizes the President to provide for the appropriate transfer of records, property, personnel, unexpended balances of appropriations, allocations, and other funds from the Office of the Housing Expediter.

The President is directed to establish Federal rent control in any State which by law declares that there is such a shortage of rental accommodations as to require Federal rent control in such State, and in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) on receipt of a resolution from its governing body based on a finding after a public hearing that there exists such a shortage in rental housing accommodations as to require Federal rent control. In establishing maximum rents in such States or localities, the President shall give due consideration to rents prevailing between May 24 and June 24, 1950. This provision is in keeping with the local-option feature which has been a vital part of the rent-control program since 1949.

In addition, the President is directed to establish Federal rent control in any area certified to be a critical defense housing area by the Secretary of Defense and the Director of Defense Mobilization, acting jointly. The President may establish maximum rents on any and all housing accommodations in such areas. In establishing maximum rents in critical defense housing areas, the President shall give due consideration to the rents generally prevailing during the period from May 24 to June 24, 1950. Federal rent control shall terminate in such areas when the Secretary of Defense and the Director of Defense Mobilization certify to the President that such area is no longer a critical defense housing area. Federal rent control may also be terminated in such critical defense housing areas by a State or municipality under the local-option provisions of the present law or it may be terminated by the President under certain circumstances on recommendation of a local advisory board. However, if rent control is terminated in any part of such critical area because of the exercise of local option by a State or municipality, or by action taken by the President on recommendation of a local advisory board, rent control may be reestablished after the expiration of 30 days on further certification by the Secretary of Defense and the Director of Defense Mobilization.

The three required standards which must be met for certifying an area as a critical defense housing area are as follows: (1) A new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded; (2) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and (3) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

Provision is also made that when an area has been certified as a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 are automatically suspended with respect to new housing construction in such area if the cost does not exceed $9,000 for single-family dwellings or $16,500 for two-family dwellings, constructed for sale or rent, except that these amounts may be increased to not to exceed $10,000 or $17,500, respectively, in any geographical area where the President finds that cost levels so require. If, however, the President finds that it is not feasible with these dollar-amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitations by not exceeding $1,200 for each additional bedroom in excess of two contained in each family unit. In the case of a multifamily rental property or project, the cost may not exceed $9,000 per family unit (or $8,000 if the number of rooms does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use. The President may by regulation increase such dollar amount limitation by not exceeding $1,000 in any geographical area where he finds that cost levels so require.

If Federal rent control is removed from any part of a critical defense rental housing area by action of a State or a local municipality, or by the President acting on recommendation of a local advisory board, or because the Secretary of Defense and the Director of Defense Mobilization certify that the area is no longer critical, the suspension of credit controls for new construction shall terminate immediately. It is further provided that an area certified to be a critical defense housing area shall not be ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement.

Section 203 (a) provides that all maximum rents in effect on the date of enactment of this subsection shall, upon sworn application of the landlord, be increased to compensate the landlord for increases in costs and prices to 120 percent of the maximum rent in effect on June 30, 1947, plus the amount of any increase allowed, or allowable, for improvements or increases in living space, services, furniture, furnishings, or equipment and minus decreases required, or requirable, for for decreases in living space, services, furniture, furnishings, or equipment or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. The increase would become effective from the date of the filing of the sworn application, if such increase is based upon a maximum rent in effect on June 30, 1947, and upon increases and decreases actually allowed under the present law. This provision does not require any reduction of any existing maximum rent nor prohibit additional adjustments for increases in costs and prices.

Section 204 rewrites section 205 of the present law and continues treble-damage actions by tenants of housing accommodations or by the United States in rent-overcharge cases. As amended, it also provides for similar damage actions in cases where a tenant is unlawfully evicted. If the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, the amount of liquidated damages in

rent-overcharge cases shall be limited to the amount of the overcharge, and in the case of unlawful eviction shall be limited to the amount of 1 month's rent, or $50, whichever is greater. In addition, reasonable attorney fees and costs as determined by the court may be allowed in such actions. Suits to recover liquidated damages must be brought within 1 year from the date of violation and may be brought in any Federal court of competent jurisdiction, regardless of the amount involved, or in any State or Territorial court of competent jurisdiction.

Section 205 rewrites subsection (a) of section 206 of the present law which makes it unlawful for any person to violate any provision of the act. Section 206 amends section 202 (c) (1) (A) and repeals section 202 (c) (1) (B) of the present law. This section makes uniform throughout the United States the decontrol provisions relating to hotels. Section 208 extends the veterans' preference provisions in the sale and rental of newly constructed or converted housing accommodations to June 30, 1952, and permits the President to make exceptions in favor of persons engaged in national defense activities.

VIII. Analysis of the Bill, As Amended, by Titles and Sections

Section 1 provides that the act may be cited as the "Defense Production Act Amendments of 1951."

TITLE I—AMENDMENTS TO DEFENSE PRODUCTION ACT OF 1950

Section 101.—This section relates to the priority and allocation, and antihoarding authorities contained in title I of the act.

Subsection (a) amends the priority and allocation authority to provide that whenever priorities or allocations are in effect under section 101 (a) of the act, with respect to any raw material, the President shall prohibit the importation of any article or product manufactured in whole or in part from such raw material. Provision is made however, that the President may exclude from such prohibition on imports, any articles and products whose importation is deemed by the President necessary or appropriate to promote the national defense.

Subsection (b) revises the so-called antihoarding provisions of section 102 of the Defense Production Act under which the President may designate as scarce those materials, the supply of which is threatened as a result of accumulations beyond the reasonable demands of business or personal needs. The accumulation of such designated materials is unlawful. The proposed amendment would make it clear that although a material has been designated as scarce by the President, he may prescribe conditions and exceptions allowing the maintenance of substantial inventories of such material when special circumstances, such as the need for increased imports of the material, require such action.

Section 102.—Section 201 of the act now authorizes the President to requisition property under certain circumstances. Section 102 of the bill amends this section so as to provide that real property shall not be requisitioned, but that real property, together with personal property located thereon or used therewith, may be acquired by condemnation, as well as by purchase, donation, or other means of transfer, whenever the President deems it necessary in the interest of national

defense. Before such condemnation proceedings are instituted, negotiation for acquisition of the property is required unless because of reasonable doubt as to identity of the owner or for other reasons negotiation would involve such delay as to be contrary to the interest of the national defense. Under the condemnation proceeding the court may order surrender of possession prior to final judgemnt but only if a declaration of taking is filed in accordance with the Act of February 26, 1931, and payment made into court of the estimated value of the property. Unless title is in dispute, the court upon application shall promptly pay to the owner at least 75 percent of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. It is further provided that prior to the acquisition of any real property or interest therein under the provisions of this section for the use of the military services, the agency administering the provisions of this section shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions. Provision is made that when the Government disposes of property which is acquired under this section by requisition, condemnation, or otherwise, it must give the former owner of the property the right of first refusal.

Section 103 (a).—This subsection amends section 303 of the Defense Production Act which presently contains limited Government procurement and resale authority and provides for the installation of equipment in private and Government-owned facilities.

The procurement authority in section 303 (a) of the Act is broadened to include materials generally in place of the present limitation restricting purchases to raw materials only. The prohibition on the purchase of domestically produced agricultural commodities for resale for other than stockpiling or industrial uses is continued but such prohibition is eliminated with respect to imported agricultural commodities. However, no commodity purchased under the authority of the subsection could be sold at less than the established ceiling price or if there is no established ceiling price, the higher of either the domestic market price or, in the case of an agricultural commodity, the minimum price established under section 407 of the Agricultural Act of 1949 for sales of the commodity by the Commodity Credit Corporation.

Subsection 303 (b) of the act now provides that purchases under section 303 shall not be made at higher than market prices unless it is determined that the supply of essential materials cannot otherwise be increased or that purchases at such higher prices are necessary to assure availability to the United States of overseas supplies. Since enactment of the act, ceiling prices have been established on many commodities. This subsection is accordingly amended to provide that purchases under section 303 of a commodity for which a ceiling price has been established shall not be made at higher than the ceiling price unless the same determinations are made.

Section 303 is further amended by adding a new subsection (c) which authorizes differential subsidy payments on domestically produced materials under certain circumstances. Such payments may be made only if the President finds (1) that ceiling prices will result in a decrease in supplies from high-cost sources of a material, and such supplies must be continued to carry out the objectives of the act; or (2) that under ceiling prices certain high-cost processors of

an agricultural commodity will be unable to maintain production, and supplies from such processors must be continued to carry out the objectives of the act; or (3) that a temporary increase in cost of production, distribution, or transportation threatens to impair maximum production or supply of any material in any area at stable prices. If the President finds that such a condition exists, he may provide for subsidy payments under the subsection in such amounts, and in such manner, and on such terms and conditions, as he determines to be necessary to correct the condition.

Subsection 303 (d) of the act presently authorizes the installation of additional equipment, facilities, processes, or improvements to industrial facilities owned by the Government and to install Government-owned equipment in industrial facilities owned by private persons. This subsection under the revision proposed in section 103 (a) of the bill becomes subsection 303 (e) of the act. The subsection is amended to make it clear that additions to Government-owned facilities may be constructed under it, and also to provide the following additional authorities:

(1) Authority for the Government to construct and operate facilities for the manufacture, producing, and processing of materials needed in the national defense, and to engage in the marketing, transportation, and storage of such materials.

(2) Authority for the Government to arrange (by lease, license, or otherwise) for others to use Government-owned facilities at a fair charge to reimburse the Government for costs incurred.

(3) Authority for the Government to install facilities and processes in facilities owned by private persons and make a fair charge for the use thereof.

Section 103 (b).—This subsection amends section 304 (a) of the act so as to authorize the President to create new corporations to carry out sections 302 and 303.

Section 103 (c).—This subsection provides that the revolving fund of $600,000,000 obtained by borrowing from the Treasury and made available for the purposes of sections 302 and 303 of the act (loan, procurement, subsidy, and production authorities), be increased to $2,100,000,000. Provision is also made that contingent liability upon the United States, resulting from any transaction heretofore or hereafter made pursuant to sections 302 or 303 of the act shall, for the purposes of the obligation restricting provisions of sections 3679 and 3732 of the Revised Statutes, as amended, be limited to the probable net cost to the United States under such transaction. The President is required to submit a quarterly report to the Congress setting forth the gross amount of each such transaction entered into under this authority, together with the basis used in determining the ultimate net cost to the United States.

Section 103 (d).—In view of the increase in the revolving fund as above noted, this subsection strikes out the present subsection 304 (c) of the act which authorized additional appropriations not in excess of $1,400,000,000 for purposes of sections 302 and 303 of the act.

A new subsection (b) is added to section 304, setting out the general powers of the new corporations which may be created under the section. Life of such corporations is limited to June 30, 1952, except that for purposes of liquidation their life may be extended by not more than 6 months.

Section 103 (e).—This subsection adds a new section 305 to title III in the Defense Production Act, with reference to dispersal of defense production facilities. Subsection (a) provides that there shall be no construction or expansion of facilities through Government assisted loans or through assistance from accelerated tax amortization certificates and no installation of Government-owned equipment in privately owned industrial facilities unless the President shall have determined the proposed location of such facilities is consistent with a sound policy of (1) utilizing fully the human and material resources of the Nation, (2) dispersing productive capacity for purposes of national security, and (3) minimizing the necessity for further concentrations of population in areas in which available housing and community facilities are presently overburdened. Subsection (b) sets forth conditions to be considered by the President with respect to any geographical area in making the determination required by subsection (a). These include utilization of labor forces, relative degree of industrial development, population trend since 1930 and relative vulnerability to enemy attack. Subsection (c) provides that the President shall make quarterly reports to the Congress on the administration of this section.

Section 104 (a).—This subsection amends section 402 (d) (3) of the act with reference to minimum ceilings that may be prescribed in establishing price ceilings on agricultural commodities. In addition to the minimum ceilings already prescribed in this section, this subsection provides that no ceiling shall be established or maintained for any agricultural commodity below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

Section 104 (b).—This subsection relates to the provision of section 402 (d) (3) of the act which provides, among other things, that a ceiling on an agricultural commodity may not be imposed below the parity price of that commodity. The subsection provides that for the purposes of establishing ceilings the parity price of an agricultural commodity shall be the parity price as of the beginning of the marketing season or year for that commodity. The market year or season for a commodity shall be determined by the Secretary of Agriculture; and in the case of a commodity which the Secretary determines is not marketed on a marketing year or season basis, the marketing season or year shall be the calendar year. Appropriate provision is made so that in the event the marketing year or season then current for a particular commodity commenced prior to June 1, 1951, the parity price for that commodity shall be the the parity price published by the Secretary of Agriculture on May 29, 1951.

Section 104 (c).—This subsection provides that equitable treatment shall be accorded to all processors, as well as to all producers, as provided in existing law, in establishing and adjusting ceilings on agricultural commodities or on any commodity processed or manufactured in whole or in substantial part therefrom.

Section 104 (d).—This subsection amends the provision of section 402 (d) (3) of the act dealing with the establishment of ceiling prices on fluid milk in nonregulated areas not under marketing agreements so that the standards prescribed for the establishment of such ceilings apply to all milk rather than only fluid milk produced in such areas.

Section 104 (e).—This subsection adds to the existing exemptions from price control provided in section 402 (e) of the act a provision for the exemption of prices charged and wages paid for services performed by barbers and beauticians.

Section 104 (f).—This subsection revises section 404 of the act to provide that the President shall advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued thereunder, including representatives of businessmen, farmers, workers and consumers, and, so far as practicable, in carrying out the purposes of this title shall give due weight to their recommendations.

Section 104 (g).—The amendment to section 405 (a) of the act made by this subsection empowers the President to prescribe the extent to which payments made in violation of price regulations, orders, or requirements may be disallowed by the Government for tax and other purposes. Similar disallowance authority exists in section 405 (b) with reference to violations of wage regulations.

Section 104 (h).—This subsection amends section 409 (a) of the act, which now provides that the President may apply to "the appropriate court" for an order enjoining a violation of, or enforcing compliance with, the provisions of title IV. As amended, section 409 provides that the President may apply to the appropriate Federal court for such an order, and makes it clear that in such a proceeding the court may issue orders such as restitution orders even though it may not have granted an injunction or restraining order.

Section 104 (i).—This subsection amends section 409 (c) of the act, which provides for treble-damage actions by the buyer against the seller in case of a sale in violation of title IV. The amendment strikes out the provision which limits recovery in such an action to the amount of the overcharge plus $10,000.

Section 104 (j).—This subsection adds new subsections (d) and (e) to section 409 of the act.

The new subsection (d) empowers the President to prescribe the extent to which fines, penalties, or compromise sums paid as a result of price violations may be disallowed by the Government for tax and other purposes.

The new subsection (e) provides that civil damage actions under subsection (c) may be brought in any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction.

Section 105.—This section amends titles IV and V of the act so as to provide separate treatment of the problems arising in the stabilization of wages and salaries in industries which are subject to the Railway Labor Act.

Subsection (a) amends section 403 of the act to provide that the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act through a separate board or panel having jurisdiction only over such employees.

Subsection (b) amends section 502 of the act to make it clear that in any dispute between employees and carriers subject to the Railway Labor Act the procedures of that act shall be followed for the purpose of settling such a dispute. Any agency provided for by that act as a prerequisite to effecting or recommending a settlement of such a dispute shall make a specific finding and certification that the terms of

the recommended settlement are consistent with existing wage stabilization policy. In any nondisputed wage or salary adjustments resulting from voluntary agreement between employees and carriers subject to the Railway Labor Act, the same finding and certification of consistency with existing stabilization policy shall be made by the separate board or panel established by the President pursuant to the provisions of section 105 (a) described above. In both cases the findings and certifications shall, after approval by the Economic Stabilization Agency, be conclusive, and it shall then be lawful for the employees and carriers to put into effect the proposed terms of the settlement or voluntary proposal.

Subsection (c) amends section 503 of the act so as to specifically include the Railway Labor Act among those statutes with which action taken under the provisions of title V must be consistent.

Section 106 (a).—The amendment made by this subsection places limitations on the maximum down payments and minimum maturities that may be prescribed by the Board of Governors of the Federal Reserve System in the exercise of certain consumer credit controls under the authority of section 601 of the act. These restrictions are as follows: New automobiles, one-third down, 18 months' maturity; used automobiles, one-fourth down, 18 months' maturity; household appliances (including phonographs, radios, and television sets), 15 percent down, 18 months' maturity; household furniture and floor coverings, 10 percent down, 21 months' maturity; residential repairs, alterations, and improvements, 10 percent down, 36 months' maturity. Provision is also made that the Board of Governors of the Federal Reserve System shall recognize freight costs on automobiles and make due allowance by extending amortization periods to equalize as nearly as practicable monthly payments throughout the United States and its Territories.

Section 106 (b).—This subsection amends section 603 of the act so as to make the same criminal sanctions applicable to violations of regulations or orders issued under section 605 (curtailment of real-estate credit under Government insured or guaranteed mortgage programs) that are now applicable to violations of regulations or orders issued in connection with consumer credit control (sec. 601 authority) and non-Government assisted real estate credit control (sec. 602 authority).

Section 106 (c).—The provisions of this subsection amend section 605 of the act (curtailment of real-estate credit under Government insured or guaranteed mortgage programs) in two respects. Provision is made that with respect to any loan guaranteed by the Veterans' Administration pursuant to the Servicemen's Readjustment Act of 1944, as amended, for the purchase of a home costing not in excess of $12,000, no down payment shall be required in an amount exceeding 6 percent of the cost of the home. Provision is also made to add specific authority for the setting and enforcement of reasonable conditions and requirements in connection with loans subject to action under section 605. For instance, reasonable conditions and requirements could be imposed with respect to specific relaxation of real-estate credit controls while at the same time general real-estate credit controls are in effect for the Government-assisted programs. Similar authority with respect to conventional real-estate credit controls now exists in section 602 of the act.

Section 107.—This section amends the table of contents of the act to conform with changes made by the bill.

Section 108.—This section deals with section 701 of the act which is concerned with encouragement of small business, participation of business advisory committees in the defense program, and the equitable distribution of scarce materials.

Subsection (a) revises section 701 (b) (ii) which provides for the appointment of business advisory committees so that any such committee may, without expense to the Government, appoint a secretary and/or counsel who may, if not a member of the committee, attend all meetings of such committee but without vote.

Section 701 (c) of the act now provides that when the President finds that the use of the allocation authority of the act will result in a significant dislocation of the normal distribution of a material in the civilian market he shall provide for the equitable distribution of the available civilian supply, having due regard to the needs of new businesses. Subsection (b) amends section 701 (c) so that in lieu of a direction to give due regard to the needs of new businesses, there is inserted a provision that the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.

Section 109 (a).—This subsection revises subsection 703 (a) of the act to provide authority for the payment of compensation to one person who is the head of an agency created under the Defense Production Act at a rate comparable to the compensation paid heads of executive departments.

Section 109 (b).—This subsection makes it clear that the President has authority to administer oaths and affirmations in the process of obtaining information necessary in the administration of the act. It also adds a new subsection (d) to section 705 of the act so as to authorize the President, while the act is in effect, to dispense with any of the statistical work of any executive department or establishment presently required by law when such action is deemed by the President to be in the interest of national defense.

Section 109 (c).—This subsection changes subsection 706 (a) of the act so as to broaden the relief a court may grant when the Government seeks to enjoin violations of the act. The change makes clear that there could be restitution even though no injunctive relief is ordered.

Section 109 (d).—The change that this subsection makes in subsection 706 (b) of the act makes it clear Federal courts have exclusive jurisdiction of criminal cases and of civil cases, except where otherwise provided in the act, regardless of the amount in controversy.

Section 109 (e).—This subsection adds a new subsection (f) to section 710 of the act so as to authorize the President to provide for the printing and distribution, in such number and manner as he deems appropriate, of reports on the actions taken to carry out the objectives of the act.

Section 110.—This section adds new section 714 to the act providing for the creation of a Small Defense Plants Corporation and for various forms of assistance to small-business concerns. The section includes subsection (a) to (l) inclusive.

Subsection (a) provides for the creation of the Small Defense Plants Corporation with authorized revolving fund borrowing authority of

$50,000,000. The management of the Corporation is vested in an Administrator to be appointed by the President by and with the advice and consent of the Senate. The Corporation shall be under the general direction and supervision of the President. Except for purposes of liquidation, the life of the Corporation is limited to June 30, 1952, unless extended pursuant to act of Congress. This subsection also authorizes the usual governmental corporate powers, and provision is made that Federal Reserve banks and all insured banks, when designated by the Secretary of the Treasury, shall act as depositaries, custodians, and finance agents for the Corporation.

Subsection (b) empowers the Corporation to recommend to the Reconstruction Finance Corporation loans and advances to be made to small-business concerns. The Corporation is authorized to acquire lands and plants, build or expand plants, provide necessary facilities and supplies, and to lease, sell, or otherwise dispose of them to any small-business concern. The Corporation is also empowered to enter into Government procurement contracts and to arrange for the performance of such contracts by letting subcontracts to small-business concerns. The Corporation is authorized to serve as a clearinghouse for technical information for small-business concerns and to stimulate technical research. Specific authority is given the Corporation to certify to any officer of the Government having procurement power that the Corporation is competent to perform any specific Government procurement contract to be let by such officer and such officer shall be required to let such procurement contract to the Corporation upon the terms and conditions specified by the Corporation. Thereafter the Corporation may let subcontracts upon such terms and conditions as the Corporation may deem appropriate in accordance with such regulations as may be prescribed under section 201 of the First War Powers Act, 1941, as amended.

Subsection (c) makes it unlawful for any person to file false statements in connection with obtaining loans or property under the authority of this section and any person violating the provisions of this section shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both. The subsection also provides that any person, being connected in any capacity with the Corporation, who embezzles, defrauds, participates in fraudulent benefits, speculates in securities of companies receiving assistance from the Corporation, or gives out unauthorized information that would affect the value of securities of companies receiving assistance from the Corporation, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

Subsection (d) provides that the Reconstruction Finance Corporation act as servicing agent for the Corporation for property or supplies acquired by the Corporation or disposed of by it.

Subsection (e) provides that it shall be the duty of the Corporation to coordinate means by which the productive capacity of small business can be utilized for defense and essential civilian production and to consult and cooperate with Government agencies in the issuance of production limitation orders to make certain that small-business concerns will be effectively utilized. Provision is also made that Government agencies issuing production limitation orders or granting priorities shall be required to first consult with the Corporation in order that small-business concerns will be effectively utilized.

Subsection (f) enumerates 12 types of action which the Corporation is authorized and directed to take when it deems necessary to assist small-business concerns. These include the making of an inventory of productive facilities of small business, action to insure participation by small business in subcontracts let by prime contractors, certification to the Reconstruction Finance Corporation of the amount of a loan necessary for a small business to convert to defense production, determination within an industry those enterprises which are to be designated small business, certification to Government procurement officers of the ability, capacity, and credit of a small business or group of same to perform a specific contract, consultation and cooperation with Government agencies to make sure small business receives fair and reasonable treatment, and the establishment of advisory boards and such committees representative of small business as are deemed necessary.

Subsection (g) provides that when the Corporation has certified to a Government procuring agency that a small-business concern or group of such concerns is a competent Government contractor with respect to capacity and credit as to a specific Government contract, the certification shall be accepted as conclusive. The subsection also sets forth the policy of Congress that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. Therefore awards and contracts shall be given to small business when the Corporation and the procurement agencies determine such action to be in the interest of mobilizing the Nation's full productive capacity or to be in the interest of the national defense program. Provision is further made that no certificate of necessity for accelerated tax amortization shall be granted for a facility for the production of any material when productive facilities are available which can reasonably meet the same need. In the event materials are allocated by law, provision is made that a fair and equitable percentage thereof shall be made available to the Corporation to be in turn allocated by it to small plants.

Subsection (h) provides that the Corporation shall make a report every 90 days of its operations to the President, the President of the Senate, and the Speaker of the House of Representatives.

Subsection (i) empowers the Corporation to make studies of effects of priority, credit, and other defense-program controls and make recommendations for adjustment when they discriminate against or impose undue hardship on small business.

Subsection (j) authorizes the Reconstruction Finance Corporation to make loans and advances upon the recommendation of the Small Defense Plants Corporation which loans may not exceed an aggregate of $100,000,000 outstanding at any one time. Such loans are to be made on terms and conditions and with such maturities as the Reconstruction Finance Corporation may determine.

Subsection (k) provides that the Corporation shall be subject to audit as provided in section 101 of the Government Corporation Control Act.

Subsection (l) authorizes the appropriation of such sums as may be necessary and appropriate for carrying out the provisions of this section.

Section 111.—This section provides all authority conferred under the act shall terminate at the close of June 30, 1952.

TITLE II—AMENDMENTS TO THE HOUSING AND RENT ACT OF 1947

Section 201.—This section extends the Housing and Rent Act of 1947, as amended, to the close of June 30, 1952.

Section 202.—This section directs the President to administer Federal rent control through the Economic Stabilization Agency, and to administer the Veterans' Preference provisions through such officer or agency of the Government as he may designate. It repeals the provisions in the present law authorizing the Housing Expediter to administer such functions and directs the President to liquidate the Office of the Housing Expediter. It also authorizes the President to provide for the appropriate transfer of records, property, personnel, unexpended balances of appropriations, allocations and other funds from the Office of the Housing Expediter.

Section 203.—This section adds subsections (k), (l), (m), and (n) to section 204 of the present law.

Subsection (k) directs the President to establish Federal rent control in any State which by law declares that there is such a shortage of rental accommodations as to require Federal rent control in such State, and in any incorporated city, town, village, or in the unincorporated area of any county (other than a city, town, village, or unincorporated area of any county within a State which is controlling rents) on receipt of a resolution from its governing body based on a finding after a public hearing that there exists such a shortage in rental housing accommodations as to require Federal rent control. In establishing maximum rents in such States or localities, the President shall give due consideration to rents prevailing between May 24 and June 24, 1950.

Subsection (l) directs the President to establish Federal rent control in any area certified to be a critical defense housing area by the Secretary of Defense and the Director of Defense Mobilization, acting jointly. The President may establish maximum rents on any and all housing accommodations in such areas. In establishing maximum rents in critical defense housing areas, the President shall give due consideration to the rents generally prevailing during the period from May 24 to June 24, 1950. Federal rent control shall terminate in such areas when the Secretary of Defense and the Director of Defense Mobilization certify to the President that such area is no longer a critical defense housing area. Federal rent control may also be terminated in such critical defense housing areas by a State or municipality under the local option provisions of the present law or it may be terminated by the President under certain circumstances on recommendation of a local advisory board. However, if rent control is terminated in any part of such critical area because of the exercise of local option by a State or municipality, or by action taken by the President on recommendation of a local advisory board, rent control may be reestablished after the expiration of 30 days on further certification by the Secretary of Defense and the Director of Defense Mobilization. In this event, such area would become subject to decontrol in accordance with the provisions outlined above. No area shall be certified as a critical defense housing area under the authority granted

in this subsection unless all the following conditions exist in such area:

(A) a new defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded;

(B) substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation; and

(C) a substantial shortage of housing required for such defense workers or military personnel exists or impends which has resulted or threatens to result in excessive rent increases and which impedes or threatens to impede activities of such defense plant or installation.

Subsection (m) provides that when an area has been certified as a critical defense housing area, real-estate construction credit controls imposed under title VI of the Defense Production Act of 1950 shall be suspended with respect to new housing construction in such area if the cost does not exceed the following limitations:

$9,000 for a single family dwelling or $16,500 for two-family dwellings. Where cost levels so require, the President may increase these limitations to $10,000 and $17,500, respectively. If the President finds that it is not feasible to construct dwellings containing three or four bedrooms per family unit within such limitations, he may increase the dollar amount of such limitations by not more than $1,200 for each additional bedroom in excess of two.

$9,000 per family unit (or $8,000 per family unit if the number of rooms in a multifamily rental property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use. The President, however, may increase such limitations up to $1,000 in areas where cost levels so require.

If Federal rent control is removed from any part of a critical defense-rental housing area by action of a State or a local municipality, or by the President acting on recommendation of a local advisory board, or because the Secretary of Defense and the Director of Defense Mobilization certify that the area is no longer critical, the suspension of credit controls for new construction shall terminate. This subsection further provides that an area certified to be a critical defense-housing area shall not be ineligible for the location of additional defense plants, facilities, or installations, or as a source of additional military procurement.

Subsection (n) provides that all maximum rents in effect on the date of enactment of this subsection shall, upon sworn application of the landlord, be increased, to compensate the landlord for increases in costs and prices to 120 percent of the following:

The maximum rent in effect on June 30, 1947, plus the amount of any increase allowed, or allowable, for improvements or increases in living space, services, furniture, furnishings or equipment and minus decreases required, or requirable, for decreases in living space, services, furniture, furnishings or equipment or for substantial deterioration or failure to perform ordinary repair, replacement, or maintenance. The increase shall be effective from the date of the filing of the sworn application, if such

increase is based upon a maximum rent in effect on June 30, 1947, and upon increases and decreases actually allowed under the present law. This provision does not require any reduction of any existing maximum rent nor prohibit additional adjustments for increases in costs and prices.

Section 204.—This section rewrites section 205 of the present law and provides for treble-damage actions by tenants of housing accommodations or by the United States in rent overcharge cases. The maximum amount of recovery in a case of rent overcharge is three times the amount of the overcharge, or $50, whichever is greater. The section also provides for similar damage actions in cases where a tenant is unlawfully evicted. In the case of a willful unlawful eviction the maximum amount of recovery is three times the amount of the monthly rent, or $150, whichever is greater. If the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, the amount of liquidated damages in rent overcharge cases shall be limited to the amount of the overcharge, and in the case of unlawful eviction shall be limited to the amount of 1 month's rent, or $50, whichever is greater. In addition, reasonable attorney fees and costs as determined by the court may be allowed in such actions. Suits to recover liquidated damages must be brought within 1 year from the date of violation and may be brought in any Federal court of competent jurisdiction, regardless of the amount involved, or in any State or Territorial court of competent jurisdiction.

In effect, this section amends the Housing and Rent Act by giving the tenant or the United States a right of action for liquidated damages in cases where a tenant is unlawfully evicted, and merely makes technical changes in the present law relating to treble-damage actions by tenants or the United States in rent-overcharge cases.

Section 205.—This section rewrites subsection (a) of section 206 of the present law dealing with unlawful actions and makes it unlawful for any person to violate any provision of the act.

Section 206.—This section amends section 202 (c) (1) (A) and repeals section 202 (c) (1) (B) of the present law and has the effect of decontrolling accommodations in hotels in the city of Chicago which were recontrolled by an amendment to the Housing and Rent Act of 1947, which became effective on April 1, 1949. This section makes uniform throughout the United States the decontrol provisions relating to hotels.

Section 207.—This section amends the definition of "defense-rental areas" to make the definition conform with the changes in the law.

Section 208.—This section extends the veterans' preference provisions (presently in the Housing and Rent Act) in the sale and rental of newly constructed or converted housing accommodations to June 30, 1952, and permits the President to make exceptions in favor of persons engaged in national defense activities.

Section 209.—This section repeals section 215 of the Independent Offices Appropriations Act of 1946 and section 213 of the Independent Offices Appropriations Act of 1947. These sections accorded priority rights to World War II veterans in the acquisition of materials required for the construction, alteration, or repair of dwellings to be occupied by them.

Section 210.—This section amends the definition of the word "person" in section 202 (a) of the present law so as to include the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing. The effect of the change of this definition is to make it clear that housing under the control of the United States or any other government or political subdivision thereof, subject to Federal rent control to the same extent that privately owned housing is subject to Federal rent control in any defense rental area.

Section 211.—This section provides that nothing in this act or the present law shall be construed to require any person to offer any housing accommodations for rent.

IX. Changes in Existing Law

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE DEFENSE PRODUCTION ACT OF 1950

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as "the Defense Production Act of 1950".

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TITLE I—PRIORITIES AND ALLOCATIONS

Sec. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

Sec. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. *In making such designations the President may prescribe such conditions and exceptions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act.* This section shall not be construed to limit the authority contained in [section] *sections* 101 *and 704* of this Act.

Sec. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regula-

tion, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION *AND CONDEMN*

SEC. 201. (a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds $10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

(b) Whenever the President determines that any real property acquired under this [title] *section* and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

(c) Whenever the need for the national defense of any personal property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

SEC. 202. Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction, of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute Upon or after the filing of the condemnation petition, immediate possession may be taken and the property occupied, used, and improved for the purpose of this Act, notwithstanding any other law. Property acquired by purchase, donation, or other means of transfer may be occupied, used, and improved, for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

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TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

* * * * * * *

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other [raw] materials, [including liquid fuels,] for Government

use or [for] resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include [agricultural commodities] *that part of the supply of an agricultural commodity which is domestically produced* except insofar as such [commodities] *domestically produced supply* may be purchased for resale for industrial uses or stockpiling, and no *domestically produced* agricultural commodity *purchased under this subsection* shall be sold [for such purposes] at less than the *established ceiling price for such commodity, or, if no ceiling price has been established, the* higher of the following: (i) the current *domestic* market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than *established ceiling prices (or if there be no established ceiling prices,* currently prevailing market [prices] *prices)* or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) If the President finds—

(1) that under generally fair and equitable ceiling prices for any material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

(2) that under ceilings on products resulting from the processing of agricultural commodities, including livestock, which allow a generally fair and equitable margin for such processing, certain high-cost processors will be unable to maintain production, and that continued supplies from such processors are necessary to carry out the objectives of the Act; or

(3) that an increase in cost of production, distribution, or transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any domestically produced material in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources or processors are continued, or that maximum production or supply in such area, at stable prices of such materials is maintained, as the case may be.

[(c)] *(d)* The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

[(d)] *(e)* When in his judgment it will aid the national defense, the President is authorized *(1) to acquire by purchase, donation, condemnation, or other means of transfer any real property, including facilities, or other interests therein, and to erect and construct plants, factories, and other industrial facilities for the purposes of manufacturing, producing, and processing materials necessary to the national defense and to engage in the marketing, transportation, and storage of such materials; (2)* to install additional equipment, facilities, *and* processes *in,* [or] *and to construct additions and* improvements [to] *to,* plants, factories, and other industrial facilities owned by the United States [Government,] *Government; (3) to operate, lease, license or otherwise arrange for the use by others of such plants, factories, and industrial facilities;* and *(4)* to install Government-owned [equipment] *equipment, facilities, and processes* in plants, factories, and other industrial facilities owned by private persons. *To the fullest extent the President deems practicable, a fair charge shall be made for the use by others of Government-owned property, facilities, and processes under the authority of this subsection, in order to reimburse the Government for the cost incurred by it.*

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies ([other than] *including* corporations).

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued, but any litigation involving such corporation shall be subject to the provisions of section 706 (b) of this Act; to

acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond the limitation contained in section 716 of this Act, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of the said Act: Provided, however, That the requirements of said Act for the transmittal of a budget program to the Congress shall take effect with respect to the first fiscal year commencing more than three months after the creation of such corporation.

[(b)] (c) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: *Provided*, That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $600,000,000 outstanding at any one time *plus such additional amounts as may be fixed from time to time in appropriation Acts.* For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

[(c) In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums, not in excess of $1,400,000,000, as may be necessary therefor.]

TITLE IV—PRICE AND WAGE STABILIZATION

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SEC. 404.

* * * * * * *

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active

during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity[; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established]. *In establishing, maintaining, or adjusting a ceiling under this title, the President shall consider as being included in the price received by producers of any agricultural commodity any payments made under the authority of section 303 of this Act in connection with that commodity to or for the benefit of such producers.* Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. [Ceiling prices] *Whenever the Secretary of Agriculture finds that the minimum ceiling prices prescribed herein* to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement[, license,] or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, [shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however*, That whenever the Secretary of Agriculture finds that the prices so fixed] are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect *the* market supply and demand for milk and its products in any such marketing area, he shall [fix] *determine* such [prices] *price* as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, [which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas] *and no ceiling price shall be below the price so determined. For the purposes of this subsection the parity price of any agricultural commodity as of any date shall be the parity price of such commodity as of the beginning of the then current marketing year or season for the commodity, except that, in the event that the marketing year or season then current commenced prior to June 1, 1951, such parity price as of any date during such year or season shall be the parity price for the commodity published by the Secretary of Agriculture on May 29, 1951. The marketing year or season for a commodity shall be determined by the Secretary of Agriculture; and, in the case of a commodity which the Secretary determines is not marketed on a marketing year or season basis, shall be the calendar year.*

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility *whose proposed increase in any rate or charge is subject to control by a Federal, State, municipal, or other public regulatory authority exercising jurisdiction to approve or disapprove proposed increases in such rates or charges: Provided,* That no *such* common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in [its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase] *any rate or charge, whether by change in rate, fare, charge, rule, classification, regulation, or otherwise,* unless [it first gives 30 days' notice to] *on or before the date on which it files with a regulatory authority an application for, or a proposal which will result in, such an increase, or not less than thirty days before such increase is to become effective, whichever date is earlier, it notifies* the President, or such agency as he may designate, and consents to the timely intervention by such agency before the [Federal, State or Municipal] *governmental* authority having jurisdiction to consider such [increase;] *increase: And provided further, That the President may provide by regulation exemptions from the notice and consent to intervention requirements contained in this paragraph upon a finding that such action will not be inconsistent with the effectuation of the purposes of this title.*

(vi) Margin requirements on any commodity exchange.

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SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder, *including representatives of businessmen, farmers, workers, and consumers.*

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing. *The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.*

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

* * * * * * *

SEC. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to [the appropriate court] *any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States* for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other [order] *order, with or without such injunction or restraining order,* shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, [but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000,] or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation.

(e) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this Act, and to assure compliance with and provide for the effective enforcement of any price regulation or order issued or which may be issued under section 402, he may by regulation or order issue to or require of any person or persons subject to any price regulation or order issued under section 402, a license as a condition of selling or delivering any material or service with respect to which such price regulation or order is applicable. It shall not be necessary for the President to issue a separate license for each material or for each price regulation or order with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 402: Provided, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio or television time: Provided further, That no license may be required of any farmer as

a condition of selling or delivering any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling or delivering any fishery commodity caught or taken by him: Provided further, That in any case in which such a license is required of any person, the President shall not have power to deny to such person a license to sell or deliver any material or service, unless such person already has such a license to sell or deliver such material or service, or unless there is in effect under subsection (f) of this section with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell or deliver such material or service.

(f) Whenever in the judgment of the President a person has violated any of the provisions of a license issued under this section, or has violated any of the provisions of any price regulation, order, or requirement under section 402, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the President has reason to believe that such person has again violated any of the provisions of such license, regulation, or order after receipt of such warning notice, the President may petition any court of competent jurisdiction for an order suspending the license of such person for any period of not more than twelve months. If any such court finds that such person has violated any of the provisions of such license, regulation, or order after the receipt of such warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell or deliver the material or service in connecion with which the violation occurred, or to the extent that it authorizes such person to sell or deliver any material or service with respect to which a regulation or order issued under section 402 is applicable; but no such suspension shall be for a period of more than twelve months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, no suspension shall be ordered or directed. Within thirty days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the President's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or Federal court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceedings for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

(g) The term "court of competent jurisdiction" as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction.

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

TITLE IV-A—RENT STABILIZATION

SEC. 451. The Congress recognizes that there is an acute shortage of housing, particularly rental housing, in many parts of the country: further, that in order to achieve effective stabilization it is necessary to control rents of housing and of business accommodations as well as prices and wages. It is, therefore, the intention of Congress, in order to effectuate the purposes of sections 2 and 401 of this Act, to provide necessary authority to stabilize rents for housing and business accommodations and to prevent speculative, unwarranted, and abnormal increases in rent for such accommodations, and to prevent unwarranted evictions from such accommodations.

SEC. 452. (a) The President (notwithstanding the provisions of any other law except provisions hereafter enacted expressly referred to this subsection) is hereby authorized to establish and maintain maximum rents which in his judgment are generally fair and equitable and will effectuate the purposes of this title, making adjustments for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations or any class of such accommodations, for the use or occupancy of housing accommodations in any rent control area as follows:

(1) For housing accommodations, in any rent control area or portion thereof, which had a maximum rent in effect under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title, the maximum rent shall be the maximum rent in effect on that date: Provided, however, That such individual and general adjustments in such maximum rents as he shall deem appropriate shall be made to compensate landlords for increases in costs of operation and maintenance since the maximum rent date in the rent control area, for which they have not been previously compensated.

(2) For housing accommodations, in any rent control area or portion thereof, which had no maximum rent in effect under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title, the President may establish maximum rents giving due consideration to the rents prevailing for such housing accommodations or comparable housing accommodations during the period from May 24 to June 24, 1950: Provided, however, That no consideration shall be given to increases in rents after January 25, 1951.

(b) The President may make such individual and general adjustments increasing or decreasing any maximum rents on housing accommodations established under this title, in any rent control area or any portion thereof, or with respect to any housing accommodations or any class of housing accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title: Provided, however, That in the case of an individual adjustment increasing a maximum rent, the landlord certifies that he is maintaining all services required under this title at the time of application for adjustment and that he will continue to maintain such services so long as the adjustment in such maximum rent which may be granted continues in effect.

(c) In order to help assure fair adjustments for tenants and small landlords, the President is authorized and directed to designate for every rent control area an officer whose function shall be to assist tenants and small landlords by—

(A) informing them concerning the conditions under which rent adjustments may be obtained;

(B) helping in the preparation of applications for rent adjustments;

(C) providing them with such other information and services as may be necessary and appropriate.

(d) Nothing in this title shall be interpreted or construed to prohibit, in the case of any rental agreement hereafter entered into, the demand, collection, or retention of a security deposit, if said deposit does not exceed the rent for one month in addition to the otherwise authorized collection of rent in advance if the demand, collection, or retention of such a security deposit was an accepted rental practice prior to June 24, 1950, in the area in which the premises are located, or was customarily required before that date by the same landlord in the renting of the particular housing accommodations involved, and if the tenant is allowed, under the terms of the rental agreement, to occupy the premises for the period covered by the security deposit without further payment of rent.

(e) The President, upon recommendation of a local advisory board, or upon his own initiative, is hereby authorized to remove any or all maximum rents, in any rent control area or portion thereof, or with respect to any class of housing accommodations in any such area or portion thereof, whenever in his judgment it is no longer necessary, to effectuate the purposes of this title, to continue maximum rents in such area or portion thereof or with respect to such class of housing accommodations. Any action taken by the President under this subsection shall not affect his authority to reestablish maximum rents under this section.

(f) Except as otherwise specifically provided, as used in this title—

(1) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming-, or boarding-house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(2) The term "controlled housing accommodations" means housing accommodations on which a maximum rent is in effect under this title in any rent control area.

(3) The term "rent control area" means any area in the United States, its Territories and possessions, in which rents for housing accommodations were controlled under the Housing and Rent Act of 1947, as amended, immediately prior to the effective date of this title (which were known as defense-rental areas) and any other area designated by the President as an area where, in his judgment, rent stabilization may be or is necessary to effectuate the purposes of this title or defense activities have resulted or threaten to result in an increase in the rents for rental accommodations inconsistent with the purposes of this title.

(4) The term "rent" means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

SEC. 453. (a) The Congress recognizes that, since rent is a substantial component in the cost of doing business, there is a direct relationship between the stabilization of prices and wages and the stabilization of commercial rents. Since the impact of increases in commercial rents on the stabilization program is of vital importance to small-business enterprises, it is the intention of the Congress that the authority conferred by this section shall be exercised with particular emphasis for the protection of independent small-business enterprises.

(b) Whenever, in the judgment of the President, rents for business accommodations in any rent control area have increased or threaten to increase above the rents generally prevailing upon such date as he deems appropriate, but in no event earlier than June 24, 1950, and in his judgment the stabilization of such rents is necessary or proper in order to effectuate the purposes of this title, or to promote the national defense, the President may establish maximum rents for such accommodations which, in his judgment, are generally fair and equitable and will effectuate the purposes of this title, and which take into account adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect to such accommodations or any class of such accommodations.

(c) The President may make such individual and general adjustments increasing or decreasing any maximum rents on business accommodations established under this section, in any rent control area or any portion thereof, or with respect to any business accommodations or any class of business accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes of this title.

(d) Whenever the President shall have exercised the powers under subsection (b) of this section, the provisions of sections 454, 458, and 459 of this title shall apply with full force and effect to this section, to business accommodations and maximum rents under this section and to any rule, regulation, order or requirement issued under this section.

(e) As used in this section—

(1) The term "business accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real property rented or offered for rent for other than living or dwelling purposes, together with all privileges, services, furnishings, furniture, fixtures, equipment and facilities connected with the use or occupancy of such property, except that the term shall not include property used solely for agricultural purposes.

(2) The term "rent" means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of business accommodations, or the transfer of a lease of business accommodations.

SEC. 454. (a) The President is authorized and directed to create local advisory boards or to continue in existence local advisory boards created under the Housing and Rent Act of 1947, as amended, in any rent control area or portion thereof in which rents of housing accommodations are being regulated under this title. The President shall whenever in his judgment there is need therefor, create or continue in existence such local advisory boards in any rent control area or portion thereof in which rents for housing accommodations are not being regulated under this title. Each such board shall consist of not less than five members who are citizens of the area and who, insofar as practicable, as a group are representative of the affected interests in the area to be appointed by the President from recommendations made by the respective governors: Provided, That in any case where the governor has made no recommendation for original appointments to local advisory boards or appointments to fill vacancies within thirty days after request therefor (subsequent to the effective date of this title) the President shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. Nothing in the foregoing provisions shall require the reappointment of present members of local advisory boards, but any change in membership of any local advisory board shall be effectuated as promptly as may be practicable after the need for appointment shall arise.

(b) Such boards may make such recommendations to the President as to housing accommodations within their jurisdiction as they may deem advisable with respect to the establishment, reestablishment, continuation, or removal of maximum rents, general adjustments of maximum rents, and operations generally of local rent offices (including recommendations for changes in the regulations, operating procedures and recommendations as to rent adjustments in individual cases). The President shall give due consideration to the recommendations of local advisory boards, and if in his judgment such recommendations effectuate the purposes of this title, he shall promptly take measures to place such recommendations in effect.

(c) The President shall furnish the local advisory boards suitable office space, stenographic assistance and reporting services for public hearings (including attendance fees) and shall make available to such boards any records and other information in the possession of the President with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective rent control areas which may be requested by such boards.

SEC. 455. (a) At any time within six months after the effective date of any regulation or within sixty days of the effective date of any order relating to rent control under this title, or in the case of new grounds arising after the effective date of any such regulation relating to rent control, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title, the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence and the filing of briefs. Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court and if the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 456. As to any person aggrieved by the denial or partial denial of his protest by an order issued on or after the effective date of this title section 408 of this Act shall apply, except that for the purposes hereof the references in section 408 to sections 407, 409, and 706 shall mean sections 455, 457, and 458, respectively, and the term "price controls" shall mean "rent controls."

SEC. 457. (a) Any person who demands, accepts, receives, or retains any payment of rent in excess of the maximum rent prescribed under the provisions of this title, or any regulation, order, or requirement thereunder, shall be liable to the person from whom such payment is demanded, accepted, received, or retained (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) $50, or (2) not more than three times the amount by which the payment or payments demanded, accepted, received, or retained exceed the maximum rent which could lawfully be demanded, accepted, received, or retained, as the court in its discretion may determine, whichever in either case may be the greater amount: Provided, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precaution against the occurrence of the violation.

(b) Any person who unlawfully evicts a tenant shall be liable to the person so evicted (or shall be liable to the United States as hereinafter provided) for reasonable attorney's fees and costs as determined by the court, plus liquidated damages (calculated on a monthly basis) in the amounts of (1) one month's rent or $50, whichever is greater,

or (2) not more than three times such monthly rent, or $150, whichever is greater: Provided, That the amount of such liquidated damages shall be the amount of one month's rent or $50, whichever is greater, if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

(c) Suit to recover liquidated damages as provided in this section may be brought, notwithstanding any other provisions of this Act, in any Federal court of competent jurisdiction regardless of the amount involved, or in any State or Territorial court of competent jurisdiction, within one year after the date of violation: Provided, That if the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may settle the claim arising out of the violation or within one year after the date of violation may institute such action. If such claim is settled or such action is instituted, the person from whom such payment is demanded, accepted, received, or retained, or the person wrongfully evicted, shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under subsection (a) of this section, all violations alleged in an action under said subsection (a) which were committed by the defendant with respect to the plaintiff prior to the bringing of such an action shall be deemed to constitute one violation and, in such action under subsection (a) of this section, the amount demanded, accepted, received, or retained in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, received, or retained in connection with all such violations. A judgment for damages or on the merits in any action under either subsection (a) or (b) of this section shall be a bar to any recovery under the same subsection of this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.

Sec. 458. (a) (1) It shall be unlawful for any person to demand, accept, receive or retain any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under this title, or otherwise to do or omit to do any act, in violation of this title, or of any regulation or order or requirement under this title, or to offer, solicit, attempt, or agree to do any of the foregoing.

(2) It shall be unlawful for any person to evict, remove, or exclude, or cause to be evicted, removed, or excluded any tenant from any controlled housing accommodations in any manner or upon any grounds except as authorized or permitted by the provisions of this title or any regulation, order, or requirement thereunder, and any person who lawfully gains possession from a tenant of any controlled housing accommodations, and thereafter fails fully to comply with such requirements or conditions as may have been imposed for such possession by the provisions of this title or any regulation, order, or requirement thereunder, shall also be deemed to have unlawfully evicted such tenant and shall be liable to such tenant, or to the United States, as provided in this title. It shall also be unlawful for any person to remove or attempt to remove from any controlled housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or propoposes to take, action authorized or required by this title or any regulation, order, or requirement thereunder.

(b) Any person who willfully violates any provision of this title, or any regulation, order, or requirement issued thereunder, shall, upon conviction thereof, be subject to a fine of not more than $5,000 or to imprisonment for not more than one year, or to both such fine and imprisonment. Whenever the President has reason to believe that any person is liable for punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 458 of this title, he may make application to any Federal court of competent jurisdiction regardless of the amount involved, or to any State or Territorial court of competent jurisdiction, for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

Sec. 459. Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing prac-

tices (including practices relating to recovery of the possession) in connection with any controlled housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this Act.

SEC. 460. The President shall administer the authority contained in this title through the new independent agency created pursuant to section 403 of this Act.

SEC. 461. Nothing in this title shall be construed to require any person to offer any accommodations for rent.

SEC. 462. While maximum rents are in effect under this title with respect to rental accommodations in any rent-control area, such rental accommodations shall not be subject to rent control by any State or local government.

SEC. 463. As to offenses committed or rights or liabilities incurred prior to the termination of this title, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in full force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense, notwithstanding the termination of this title in accordance with section 716 of this Act.

TITLE V—SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, or with other applicable laws shall be taken under this title.

TITLE VI—CONTROL OF [CONSUMER AND REAL ESTATE] CREDIT

[THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY]

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eighteenth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

SEC. 602.

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(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, [new construction on real property or real property on which there is new construction] *any real property or any construction thereon whether existing or proposed.* [As used in this paragraph the term "new construction" means any structure, or any major addi-

tion or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950.] As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

2. "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. Any person who willfully violates any provision of section [601 or 602] *601, 602, or 605* or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605. To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law. *Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section.*

SUBTITLE B—COMMODITY SPECULATION

SEC. 611. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the speculative

purchase or speculative sale of any such commodity for future delivery, or the maintenance of a speculative position in any such commodity for future delivery, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act: Provided, That no such rule or regulation shall be applicable to bona fide hedging transactions.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). The provisions of paragraph (4) of this section, insofar as they relate to futures commission merchants, shall not apply to the requirements of this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2) shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purpose of this paragraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of the Act are extended and made daplicable to any commodity as defined in (E) above, and for the purposes of this subparagraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean board of trade."

TITLE VII—GENERAL PROVISIONS

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SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, *the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials* at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are

necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) The President is authorized to obtain, by regulation or otherwise, from any person such information as he may deem necessary and appropriate for measuring the adequacy of existing legislative and administrative provisions for the national defense and developing recommendations for any changes in or additions to such provisions.

(e) Whenever the President deems such action to be in the interest of the national defense, he may, while this Act is in effect, dispense with any of the statistical work in which any executive department or establishment, by another provision of law, is directed to engage.

[(d)] *(f)* Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than one year or both.

[(e)] *(g)* Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

SEC. 706. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other [order] *order, with or without such injunction or restraining order,* shall be granted without bond.

(b) [The] *Except as otherwise provided in this Act, the* district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have *exclusive* jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, [order,] *order* or subpena thereunder, *regardless of the amount in controversy.* Any criminal proceeding on account of any such violation may be brought in any district in which *any part of* any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

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SEC. 710. * * *

(f) The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this Act.

* * * * * * *

SEC. 716. (a) [Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951, only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.] *This Act and all authority conferred thereunder shall terminate at the close of June 30, 1953.*

[(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.]

[(c)] (*b*) Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

[(d)] (*c*) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

Approved September 8, 1950.

[THE HOUSING AND RENT ACT OF 1947, AS AMENDED

[*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

[TITLE I—AMENDMENTS TO EXISTING LAW

[SECTION 1. (a) Sections 1, 2 (b) through 9, and sections 11 and 12, of Public Law 388, Seventy-ninth Congress, are hereby repealed, and any funds made available under said sections of said Act not expended or committed prior to the enactment of this Act are hereby returned to the Treasury: *Provided*, That any allocations made or committed, or priorities granted for the delivery, of any housing materials or facilities under any regulation or order issued under the authority contained in said Act, and before the date of enactment of this Act, with respect to veterans of World War II, their immediate families, and others, shall remain in full force and effect.

[SEC. 2. Section 603 (a) of the National Housing Act, as amended, is amended by striking out "June 30, 1947" wherever appearing therein and inserting in lieu thereof "March 31, 1948."

[SEC. 3. Title VI of the National Housing Act, as amended, is amended by adding the following new section at the end thereof:

["SEC. 609. (a) In order to assist in relieving the acute shortage of housing which now exists and to promote the production of housing for veterans of World War II at moderate prices or rentals within their reasonable ability to pay, through the application of modern industrial processes, the Administrator is authorized to insure loans to finance the manufacture of housing (including advances on such loans) when such loans are eligible for insurance as hereinafter provided.

["(b) Loans for the manufacture of houses shall be eligible for insurance under this section if at the time of such insurance, the Administrator determines they meet the following conditions:

["(1) The manufacturer shall establish that binding contracts have been executed satisfactory to the Administrator, providing for the purchase and delivery of the number of houses to be manufactured with the proceeds of the loan;

["(2) Such houses to be manufactured shall meet such requirements of sound quality, durability, livability, and safety as may be prescribed by the Administrator;

["(3) The borrower shall establish to the satisfaction of the Administrator that he has or will have adequate plant facilities, sufficient capital funds, taking into account the loan applied for, and the experience necessary, to achieve the required production schedule;

["(4) The loan shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Administrator estimates will be the necessary current cost of manufacturing such houses, exclusive of profit. The loan shall be secured by an assignment of the aforesaid purchase contracts for the houses to be manufactured with the proceeds of the loan, and of all sums payable under such purchase contracts, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions as may be prescribed by the Administrator; and the Administrator may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses manufactured with the proceeds of the loan and then owned and in the possession of the borrower. The loan shall have a maturity not in excess of one year from the date of the note, except that any such loan may be refinanced and extended in accordance with such terms and conditions as the Administrator may prescribe for an additional term not to exceed one year, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time.

["(c) The Administrator may consent to the release of a part or parts of the property assigned or delivered as security for the loan, upon such terms and conditions as he may prescribe and the security documents may provide for such release.

["(d) The failure of the borrower to make any payment due under or provided to be paid by the terms of a loan under this section, or the failure to perform any other covenant or obligation contained in any assignment, agreement, or undertaking executed by the borrower in connection with such loan, shall be considered as a default under this section, and if such default continues for a period of thirty days, the lender shall be entitled to receive the benefits of the insurance hereinafter provided upon assignment, transfer, and delivery to the Administrator within a period and in accordance with the rules and regulations prescribed by the Administrator of (1) all rights and interest arising with respect to the loan so in default; (2) all claims of the lender against the borrower or others arising out of the loan transaction; (3) any cash or property held by the lender, or to which it is entitled, as deposits made for the account of the borrower and which have not been applied in reduction of the principal of the loan; and (4) all records, documents, books, papers, and accounts relating to the loan transaction. Upon such assignment, transfer, and delivery, the Administrator shall, subject to the cash adjustment provided for in section 604 (c), issue to the lender debentures having a face value equal to the unpaid principal balance of the loan.

["(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604 (d) except that such debentures shall be dated as of the date of default as determined in subsection (d) of this section and shall bear interest from such date.

["(f) The provisions of section 207 (k) and 603 (a) of this Act shall be applicable to loans insured under this section, except that as applied to such loans (1) all references in section 207 (k) to the 'Housing Fund' shall be construed to refer to the 'War Housing Insurance Fund' and (2) the reference in section 207 (k) to 'subsection (g)' shall be construed to refer to 'subsection (d)' of this section; (3) the references in section 207 (k) to insured mortgages shall be construed to refer to the assignment or other security for loans insured under this section, and (4) the references in section 603 (a) to a mortgage or mortgages shall be construed to include a loan or loans under this section.

["(g) Notwithstanding any other provision of law, the Administrator shall have the power to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

["(h) The Administrator shall fix a premium charge for the insurance granted under this section, but such premium charge shall not exceed an amount equivalent to 1 per centum of the original principal of such loan, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Administrator. In addition to the premium charge herein provided for, the Administrator is authorized to charge and collect such amounts as he may deem reasonable for examining and processing applications for the insurance of loans under this section, including such additional inspections as the Administrator may deem necessary."

[SEC. 4. (a) In order to assure preference or priority to veterans of World War II or their families—

[(1) no housing accommodations designed for single-family residence, the construction or conversion of which is completed after June 30, 1947, shall be offered for sale or resale, or sold or resold, to persons other than veterans of World War II or their families, unless such housing accommodations have been publicly offered for sale exclusively to veterans of World War II or their families (a) during the period of construction or conversion and for thirty days thereafter, prior to a sale or offering for sale to such nonveterans, and (b) for a period of seven days prior to a resale, or an offering for resale, to such nonveterans; and

[(2) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which is completed after June 30, 1947, shall be offered for rent or rerent, rented or rerented to persons other than veterans of World War II or their families, unless such housing accommodations have been publicly offered for rent exclusively to veterans of World War II or their families (a) during the period of construction or conversion and for thirty days thereafter, prior to a first renting or offering for rent to such nonveterans, and (b) for a period of seven days prior to a subsequent renting, or offering for rent, to such nonveterans; and

[(3) no housing accommodations designed for single-family residence, the construction or conversion of which is completed after June 30, 1947, shall be offered for sale or resale, or sold or resold, to any person at a price less than the price for which it had been last offered for sale to veterans of World War II or their families for at least seven days: *Provided, however,* That in no event shall the public offering period to veterans of World War II or their families total less than thirty days in any first or original sale as required by paragraph (1) of this subsection; and

[(4) no housing accommodations designed for occupancy by other than transients, the construction or conversion of which is completed after June 30, 1947, shall be offered for rent or rerent, or rented or rerented, to any person at a price less than the price for which it had been last offered for rent to veterans of World War II or their families for at least seven days: *Provided, however,* That in no event shall the public offering period to veterans of World War II or their families total less than thirty days in any first or original renting as required by paragraph (2) of this subsection.

[(b) As used in this section—

[(1) the term "person" shall include an individual, corporation, partnership, association or any other organized group of persons, or a representative of any of the foregoing.

[(2) the term "housing accommodations" shall include, without limitation, any building, structure, or part thereof, or land appurtenant thereto, or any real or personal property, designed, constructed, or converted for dwelling or residential purposes, together with all privileges, services or facilities in connection therewith; industrially made or prefabricated houses, sections, panels, or their aggregate as a "package", designed or constructed for dwelling or residential purposes. and a certificate, deposit, membership, stock interest, or undivided interest in real estate, under a cooperative mutual ownership or similar plan, which carries with it the right of occupancy of individual dwelling units.

[(c) The Housing Expediter is authorized to issue regulations and orders prescribing the manner in which such housing accommodations shall be publicly offered in good faith for sale or rent to veterans of World War II or their families and such other regulations or orders as he may deem necessary in the public interest to effectuate the provisions of this section. The Housing Expediter is further authorized to grant such exceptions to the provisions of this section for hardship cases as he may deem appropriate.

[(d) Any person who willfully violates any provision of this section shall, upon conviction thereof, be subject to a fine of not more than $5,000 or to imprisonment for not more than one year, or to both such fine and imprisonment.

[(e) This section shall cease to be in effect at the close of June 30, 1951, or upon the date that the President proclaims that the protection to veterans of World War II or their families provided by this section is no longer needed, whichever date is the earlier, except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this title and regulations and orders issued thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

[TITLE II—MAXIMUM RENTS

[DECLARATION OF POLICY

[SEC. 201. (a) The Congress hereby reaffirms the declaration in the Price Control Extension Act of 1946 that unnecessary or unduly prolonged controls over rents would be inconsistent with the return to a peacetime economy and would tend to prevent the attainment of the goals therein declared.

[(b) The Congress therefore declares that it is its purpose to terminate at the earliest practicable date all Federal restrictions on rents on housing accommodations. At the same time the Congress recognizes that an emergency exists and that, for the prevention of inflation and for the achievement of a reasonable stability in the general level of rents during the transition period, as well as the attainment of other salutary objectives of the above-named Act, it is necessary for a limited time to impose certain restrictions upon rents charged for rental housing accommodations in defense-rental areas. Such restrictions should be administered with a view to prompt adjustments where owners of rental housing accommodations are suffering hardships because of the inadequacies of the maximum rents applicable to their housing accommodations, and under procedures

designed to minimize delay in the granting of necessary adjustments, which, so far as practicable, shall be made by local boards with a minimum of control by any central agency.

[(c) To the end that these policies may be effectively carried out with the least possible impact on the economy pending complete decontrol, the provisions of this title are enacted.

[DEFINITIONS

[SEC. 202. As used in this title—

[(a) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or a legal successor or representative of any of the foregoing.

[(b) The term "housing accommodations" means any building, structure or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, rooming- or boarding-house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

[(c) The term "controlled housing accommodations" means housing accommodations in any defense-rental area, except that it does not include—

[(1) (A) those housing accommodations, in any establishment which is located in a city of less than two million five hundred thousand population according to the 1940 decennial census and which is commonly known as a hotel in the community in which it is located, which are occupied by persons who are provided customary hotel services such as maid service, furnishing and laundering of linen, telephone and secretarial or desk service, use and upkeep of furniture and fixtures, and bellboy service; or

[(B) those housing accommodations in hotels in cities of two million five hundred thousand population or more according to the 1940 decennial census (i) which are located in hotels in which 75 per centum or more of the occupied housing accommodations on March 1, 1949, were used for transient occupancy, or (ii) which are not located in hotels described in (i) but which on March 1, 1949, were used for transient occupancy; for the purposes of this subparagraph (B)—

[(1) the term "used for transient occupancy" means rented on a daily basis, to a tenant who had not on March 1, 1949, continuously resided in the hotel for ninety days or more; and

[(2) the term "hotel" means any establishment which on June 30, 1947, was commonly known as a hotel in the community in which it is located and was occupied by an appreciable number of persons who were provided customary hotel services such as maid service, furnishing and laundering of linen, telephone and secretarial or desk service, use and upkeep of furniture and fixtures, and bellboy service; or

[(2) any motor court, or any part thereof; any trailer, or trailer space, used exclusively for transient occupancy or any part thereof; or any tourist home serving transient guests exclusively, or any part thereof; or

[(3) any housing accommodations (A) the construction of which was completed on or after February 1, 1947, or which are housing accommodations created by a change from a nonhousing to a housing use on or after February 1, 1947, or which are additional housing accommodations created by conversion on or after February 1, 1947: *Provided, however*, That any housing accommodations resulting from any conversion created on or after the effective date of the Housing and Rent Act of 1949 shall continue to be controlled housing accommodations unless the Housing Expediter issues an order decontrolling them, which he shall issue if he finds that the conversion resulted in additional, self-contained family units as defined by regulations issued by him: *And provided further*, That contracts for the rental of housing accommodations to veterans of World War II and their immediate families, the construction of which was assisted by allocations or priorities under Public Law 388, Seventy-ninth Congress, approved May 22, 1946, shall remain in full force and effect; or (B) the construction of which was completed on or after February 1, 1945, and prior to February 1, 1947, and which between the date of completion and June 30, 1947, both dates inclusive, at no time were rented (other than to members of the immediate family of the landlord) as housing accommodations; or

[(4) nonhousekeeping, furnished housing accommodations, located within a single dwelling unit not used as a rooming or boarding house, but only if (A) no more than two paying tenants, not members of the landlord's imme-

diate family, live in such dwelling unit, and (B) the remaining portion of such dwelling unit is occupied by the landlord or his immediate family.

[(d) The term "defense-rental area" means any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of such Act, in which maximum rents (1) were being regulated under such Act on March 1, 1947, or (2) are established or reestablished pursuant to section 204 (i) (1) or (2) of this title.

[(e) The term "rent" means the consideration, including any bonus, benefit, or gratuity demanded or received for or in connection with the use or occupancy of housing accommodations, or the transfer of a lease of housing accommodations.

[TERMINATION OF RENT CONTROL UNDER EMERGENCY PRICE CONTROL ACT OF 1942

[SEC. 203. (a) After the effective date of this title, no maximum rents shall be established or maintained under the authority of the Emergency Price Control Act of 1942, as amended, with respect to any housing accommodations.

[(b) On the termination of rent control in any area or portion thereof under this title all records and other data (and the cabinets or containers holding such records and data) used or held in connection with the establishment and maintenance of maximum rents in such area or portion thereof by the Housing Expediter, and all predecessor agencies, shall, on request, be transferred without reimbursement to the proper officials of any State or local subdivision of government that may be charged with the duty of administering a rent-control program in any State or local subdivision of government to which such records and data may be applicable: *Provided, however,* That any such records or data (and the cabinets or containers holding such records or data) shall be so made available subject to recall for use in carrying out the purposes of this title.

[RENT CONTROL UNDER THIS TITLE

[SEC. 204. (a) The Housing Expediter shall administer the powers, functions, and duties under this title; and for the purpose of exercising such powers, functions, and duties, and the powers, functions, and duties granted to or imposed upon the Housing Expediter by title I of this Act, the Office of Housing Expediter is hereby extended until the close of June 30, 1951.

[(b) (1) Subject to the provisions of paragraphs (2) and (3) of this subsection, and subsections (h) and (i), during the period beginning on the effective date of this title and ending on the date this title ceases to be in effect, no person shall demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations greater than the maximum rent established under the authority of the Emergency Price Control Act of 1942, as amended, and in effect with respect thereto on June 30, 1947: *Provided, however,* That the Housing Expediter shall, by regulation or order, make such individual and general adjustments in such maximum rents in any defense-rental area or any portion thereof, or with respect to any housing accommodations or any class of housing accommodations within any such area or any portion thereof, as may be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title: *Provided, however,* That the landlord certifies that he is maintaining all services furnished as of the date determining the maximum rent and that he will continue to maintain such services so long as the adjustment in such maximum rent which may be granted continues in effect. In making and recommending individual and general adjustments to remove hardships or to correct other inequities, the Housing Expediter and the local boards shall observe the principle of maintaining maximum rents for controlled housing accommodations, so far as is practicable, at levels which will yield to landlords a fair net operating income from such housing accommodations. In determining whether the maximum rent for controlled housing accommodations yields a fair net operating income from such housing accommodations, due consideration shall be given to the following, among other relevant factors: (A) Increases in property taxes; (B) unavoidable increases in operating and maintenance expenses; (C) major capital improvement of the housing accommodations as distinguished from ordinary repair, replacement, and maintenance; (D) increases or decreases in living space, services, furniture, furnishings, or equipment; and (E) substantial deterioration of the housing accommodations, other than ordinary wear and tear, or failure to perform ordinary repair, replacement, or maintenance.

[(2) In any case in which a valid written lease with respect to any housing accommodations was entered into and filed in accordance with the provisions of this subsection (b) as then in effect, and such lease was in effect on the effective date of the Housing and Rent Act of 1949, such housing accommodations shall be subject to the provisions of this title and, until such lease is terminated or expires, the maximum rent for said accommodations shall be the rent set forth in said lease.

[(3) In any case in which a valid written lease with respect to any housing accommodations was entered into and filed in accordance with the provisions of this subsection (b) as then in effect, and such lease has heretofore terminated or expired or hereafter terminates or expires, such housing accommodations shall be subject to the provisions of this title and the maximum rent for said accommodations shall be the rent set forth in said lease, plus or minus applicable individual adjustments: *Provided, however*, That if such housing accommodations are in a defense-rental area in which a general increase in maximum rents has been or is hereafter granted, the maximum rent shall be said lease rent plus or minus applicable individual adjustments, or the maximum rent in the absence of a lease, whichever is higher.

[(4) If a lease entered into under this subsection has heretofore terminated or hereafter terminates, prior to the expiration date of such lease, the landlord shall file with the Housing Expediter a report of the termination of such lease, unless a report of such termination was filed with the Housing Expediter prior to the effective date of the Housing and Rent Act of 1949. Such report shall be filed within 15 days after the date of such termination or 15 days after the effective date of the Housing and Rent Act of 1949, whichever is the later date.

[(5) In order to help assure fair adjustments for tenants and small landlords, the Housing Expediter is authorized and directed to designate for every defense-rental area an officer whose function shall be to assist tenants and small landlords by—

(A) informing them concerning the conditions under which rent adjustments may be obtained;

(B) helping in the preparation of applications for rent adjustments; and

(C) providing them with such other information and services as may be necessary and appropriate.

[(c) The Housing Expediter is hereby authorized and directed to remove any or all maximum rents before this title ceases to be in effect, in any defense-rental area or portion thereof or with respect to any class of housing accommodations in any such area or portion thereof, if in his judgment the need for continuing maximum rents in such area or portion thereof or with respect to such class of housing accommodations no longer exist, due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met. The Housing Expediter is further authorized and directed to remove maximum rents for any or all luxury housing accommodations in any defense-rental area or portion thereof, if in his judgment such action would result in the creation of additional rental units by conversion. The Housing Expediter shall from time to time make surveys with a view to carrying out the purpose of this subsection to decontrol housing accommodations at the earliest practicable time.

[(d) The Housing Expediter is authorized to issue such regulations and orders, consistent with the provisions of this title, as he may deem necessary to carry out the provisions of this section and section 202 (c).

[(e) (1) The Housing Expediter is authorized and directed to create and, if necessary, continue in existence until the termination of this Act in each defense-rental area (whether or not under Federal rent control) or such portion thereof as he may designate, local advisory boards. The Housing Expediter shall, whenever in his judgment there is need therefor, create a local advisory board in any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of such Act, in which maximum rents were not being regulated under such Act on March 1, 1947. Each such board shall consist of not less than five members who are citizens of the area and who, insofar as practicable, as a group are representative of the affected interests in the area, to be appointed by the Housing Expediter, from recommendations made by the respective Governors: *Provided*, That in any case where the Governor has made no recommendations for original appointments to local boards or appointments to fill vacancies, within thirty days after request therefor (subsequent to the date of enactment of the Housing and Rent Act of 1948) from

the Housing Expediter, the Housing Expediter shall without such recommendations appoint the original members of such boards or such members as may be required to fill vacancies. Nothing in the foregoing provisions shall require the reappointment of present members of local advisory boards, but any change in the membership of any local advisory board necessitated by this provision shall be effectuated as promptly as may be practicable. Each such board shall have sufficient members to enable it promptly to consider individual adjustment cases coming before it on which the board shall make recommendations to the officials administering this title within its area; and before recommending any such adjustment the board shall give notice to the parties and shall hold a hearing at the request of either party. Upon petition by a representative group of tenants or landlords, the board, if it finds that the petition is substantial in character, shall hold a public hearing in accordance with the requirements set forth in paragraph (4) of this subsection on any of the matters set forth in subparagraphs (A) and (B) of this paragraph. Such hearing shall be begun within thirty days after the filing of such petition, and shall be completed within thirty days after it is begun. Should the board for any reason fail to hold such hearing, the Housing Expediter, upon notice of that fact given by such group, shall (unless he finds that the petition is not substantial in character) hold a public hearing in like manner on such matters. Such hearing shall be begun within thirty days after the giving of such notice by such group, and shall be completed within thirty days after it is begun. If the Housing Expediter finds that such petition is not substantial in character, such group may file a complaint with the Emergency Court of Appeals within thirty days after the date such finding is made. Thereupon, if it finds that the Housing Expediter's finding is not in accordance with law, the Emergency Court of Appeals shall have jurisdiction to enter, within thirty days after the date of filing of such complaint, an order directing the Housing Expediter to hold such hearing. If a hearing is held by either the board or the Housing Expediter, a recommendation by the board or decision by the Housing Expediter, as the case may be, on the merits of the matter shall be rendered within thirty days from the date of completion of such hearing, and the local board forthwith shall forward its recommendation to the Housing Expediter. Any local board may make such recommendations to the Housing Expediter as it deems advisable with respect to the following matters:

[(A) Removal of any or all maximum rents in the area, or any portion thereof, over which the local board has jurisdiction, or with respect to any class of housing accommodations within such area or any portion thereof, if in the judgment of the local board the need for continuing maximum rents in such area or portion thereof or with respect to such class of housing accommodations no longer exists, due to sufficient construction of new housing accommodations or when the demand for rental housing accommodations has been otherwise reasonably met; and

[(B) Adjustments, other than individual adjustments, in maximum rents in such area or any portion thereof or with respect to any class of housing accommodations within such area or any portion thereof, deemed by the local board to be necessary to remove hardships or to correct other inequities, or further to carry out the purposes and provisions of this title; and

[(C) Operations generally of the local rent office with particular reference to hardship cases.

[(2) The Housing Expediter shall furnish the local boards suitable office space, stenographic assistance and reporting services for public hearings (including attendance fees) and shall make available to such boards any records and other information in the possession of the Housing Expediter with respect to the establishment and maintenance of maximum rents and housing accommodations in the respective defense-rental areas which may be requested by such boards.

[(3) Upon receipt of any recommendation from a local board, the Housing Expediter shall promptly notify the local board, in writing, of the date of his receipt of such recommendation. Except as provided hereinafter in this subsection, within thirty days after receipt of any recommendation of a local board such recommendation shall be approved or disapproved or the local board shall be notified in writing of the reasons why final action cannot be taken in thirty days. Any recommendation of a local board appropriately substantiated and in accordance with applicable law and regulations shall be approved and appropriate action shall promptly be taken to carry such recommendation into effect. If the Housing Expediter approves or disapproves any recommendation of a local board he shall promptly notify the local board in writing of such action.

[(4) For the purposes of paragraph (3) any recommendation of a local board as to a matter referred to in paragraph (1) (A) or (B) shall be deemed to be

appropriately substantiated and in accordance with applicable law and regulations, and shall be carried into effect as hereinafter provided—

[(A) if the local board held a public hearing on such matter at which interested persons (including representatives of the State and of political subdivisions thereof) were given a reasonable opportunity to be heard, by pleadings or otherwise, with right to be represented by counsel;

[(B) if notice of the date, time, place, and purpose of such hearing was given (i) in writing to the Governor of the State not less than fifteen days prior to such date, and (ii) by publication in a newspaper of general circulation in the area over which the local board has jurisdiction at least fifteen days prior to such date, and a second notice was given by publication in such a newspaper at least five days prior to such date;

(C) if a copy of the local board's recommendation was filed with the Governor of the State within five days after such recommendation was mailed to the Housing Expediter;

(D) if a record is made of the evidence adduced at the public hearing held by the local board, and the local board certifies and transmits to the Housing Expediter, with such recommendation, a transcript of such record, or of those parts of such record, upon which its recommendation is based and a written statement of its findings made upon the basis of such record; and

(E) if the record so certified and transmitted to the Housing Expediter contains adequate and substantial evidence to support the findings and recommendation of the local board.

[Any representative group of interested parties or the local board may file a complaint concerning such recommendation with the Emergency Court of Appeals within thirty days after the date on which the Housing Expediter notifies the local board of his decision, or the date of the expiration of such thirty-day period, as the case may be. If the Housing Expediter holds the hearing, such group may file a complaint with the Emergency Court of Appeals within thirty days after the rendering of his decision, or within thirty days after the expiration of the time within which his decision should be made. A similar right of appeal shall be afforded in the event the Housing Expediter makes a decision as to a general adjustment or as to removal of maximum rents for any class of housing accommodations (other than for luxury housing accommodations under the second sentence of section 204 (c)) on his own initiative. The Clerk of the Emergency Court of Appeals shall notify the Housing Expediter in writing of the filing of any such complaint promptly after it has been so filed. Within fifteen days after the receipt of such notice by the Housing Expediter, the Housing Expediter shall file such recommendation or decision in the Emergency Court of Appeals, together with the record and statement of findings of the local board or of the Housing Expediter and such statement as the Housing Expediter may desire to make as to his views on the matter. The statement of the Housing Expediter may be accompanied by such supporting information as the Housing Expediter deems appropriate. Thereupon, the Emergency Court of Appeals shall have jurisdiction to enter, within sixty days after the date of its receipt of such recommendation or decision from the Housing Expediter (or within such additional period of not more than thirty days as the court may find necessary in exceptional cases), an order approving or disapproving the recommendation of the local board or decision of the Housing Expediter. The recommendation, record, and statement of findings of the local board or decision, record, and statement of findings of the Housing Expediter, as the case may be, together with the statement and supporting information filed by the Housing Expediter, shall constitute the record before the court. If the court determines that the recommendation or decision is not in accordance with law, or that the evidence in the record before the court, including such additional evidence as may be adduced before the court, is not of sufficient weight to justify such recommendation or decision, the court shall enter an order disapproving such recommendation or decision; otherwise it shall enter an order approving such recommendation or decision. The judgment and decree of the court shall be final. The powers heretofore granted by law to the Emergency Court of Appeals are hereby continued for purposes of exercise of the jurisdiction granted by this subsection. The court shall prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction, under this paragraph. The Housing Expediter, the local board, representative groups of interested parties, and representatives of the State or States involved shall be granted, to the extent determined by the court, an opportunity to be heard, by pleadings or otherwise, with right to be represented by counsel.

[(5) Any recommendation to which paragraph (4) applies, if an order of disapproval thereof has not been entered by the Emergency Court of Appeals within the time prescribed in such paragraph, shall be carried out by the Housing Expediter—

[(A) if it is with respect to a matter referred to in paragraph (1) (A), so that the decontrol is effected, retroactively if necessary, on the date recommended by the local board, but not before sixty days after the date of the receipt of such recommendation by the Housing Expediter: *Provided*, That during the period of ninety days beginning with the date on which such decontrol is effected, the regulations and orders with respect to practices relating to the recovery of possession of housing accommodations issued under section 209 of this title shall be in effect as though such decontrol had not been effected; and

[(B) if it is with respect to a matter referred to in paragraph (1) (B), so that the adjustment in maximum rents is effected, retroactively if necessary, on the date recommended by the local board, but not before thirty days after the receipt of the recommendation by the Housing Expediter.

[(6) In addition to employees furnished under paragraph (2), local boards are hereby authorized to employ such attorneys as may be necessary for purposes of hearings and court proceedings under this subsection. Attorneys shall be paid not to exceed $25 per day when actually employed, and shall be allowed necessary travelling and subsistence expenses.

[(7) Immediately upon the enactment of the Housing and Rent Act of 1948 the Housing Expediter shall communicate with the Governors of the several States advising them of the provisions of this subsection as amended and of the number and location of defense-rental areas in their respective States and the areas or portions thereof in which boards are to be appointed therein, and requesting the cooperation of the Governors of the several States in carrying out such provisions.

[(f) The provisions of this title shall cease to be in effect at the close of June 30, 1951, or upon the date of a proclamation by the President or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this title is not necessary because of the existence of an emergency, whichever date is the earlier; except that as to rights or liabilities incurred prior to such termination date, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit or action with respect to any such right or liability.

[(g) Nothing in this title shall be interpreted or construed to authorize the Housing Expediter to prohibit, in the case of any rental agreement hereafter entered into, the demand, collection, or retention of a security deposit, if said deposit does not exceed the rent for one month in addition to the otherwise authorized collection of rent in advance, if the demand, collection, or retention of such a security deposit was an accepted rental practice, prior to January 30, 1942, in the area in which the premises are located, or was customarily required before that date by the same landlord in the renting of the particular housing accommodations involved, and if the tenant is allowed, under the terms of the rental agreement, to occupy the premises for the period covered by the security deposit without further payment of rent.

[(h) For controlled housing accommodations which were not included within the definition of "controlled housing accommodations" as such definition read prior to the effective date of the Housing and Rent Act of 1949, the maximum rent shall be the maximum rent last in effect for such housing accommodations under Federal rent control, plus or minus applicable adjustments; or, if no maximum rent was ever in effect for such housing accommodations, the maximum rent shall be the rent generally prevailing in the defense-rental area for comparable controlled housing accommodations within such area, plus or minus applicable adjustments: *Provided*, That in the case of those controlled housing accommodations in hotels which were not included within the definition of "controlled housing accommodations" as such definition read prior to the effective date of the Housing and Rent Act of 1949, the maximum rent shall be the rent in effect for such accommodations on March 1, 1949.

[(i) (1) Whenever a local advisory board in any defense-rental area in which maximum rents were never regulated under the Emergency Price Control Act of 1942, as amended, after having determined, with respect to the area over which it has jurisdiction or any portion thereof, either that (A) a scarcity of rental housing has developed as a result of national defense activity, or (B) employment or other

conditions have changed to such an extent as to make the supply of rental housing inadequate to meet the demand, or (C) rents have increased or are about to increase unreasonably, recommends that such action is necessary or appropriate in order to effectuate the purposes of this title, the Housing Expediter, if such recommendation is appropriately substantiated, shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations (except those not included within the definition of "controlled housing accommodations") in such area or portion thereof as in his judgment will be fair and equitable. In establishing any maximum rent for any housing accommodations under this paragraph, the Housing Expediter shall give due consideration to the rents prevailing for such housing accommodations, or comparable housing accommodations, on such date as he deems appropriate, not earlier than the date of the enactment of the Housing and Rent Act of 1949, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs within such defense-rental area. For the purposes of this paragraph the term "defense-rental area" means any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended, prior to March 1, 1947, as an area where defense activities have resulted or threaten to result in an increase in the rent for housing accommodations inconsistent with the purposes of such Act.

[(2) Whenever a local advisory board in any defense-rental area in which housing accommodations were decontrolled by administrative action taken, prior to the date of the enactment of the Housing and Rent Act of 1949, under the Emergency Price Control Act of 1942, as amended, or under this title, after having determined with respect to the area over which it has jurisdiction, or any portion thereof, either that (A) a scarcity of rental housing has developed as a result of national-defense activity, or (B) employment or other conditions have changed to such an extent as to make the supply of rental housing inadequate to meet the demand, or (C) rents have increased or are about to increase unreasonably, recommends that such action is necessary or appropriate in order to effectuate the purposes of this title, the Housing Expediter, if such recommendation is appropriately substantiated, shall by regulation or order reestablish maximum rents for any or all such housing accommodations in such area or portion thereof. For the purposes of this paragraph the term "defense-rental area" has the meaning assigned to such term in paragraph (1) of this subsection.

[(3) Any local advisory board may recommend to the Housing Expediter that he exercise the authority granted to him by paragraph (4) of this subsection to reestablish maximum rents for any or all housing accommodations, within the defense-rental area over which such board has jurisdiction, which are decontrolled on or after the date of the enactment of the Housing and Rent Act of 1949, by administrative action taken under this title.

[(4) The Housing Expediter, upon recommendation of a local advisory board or upon his own initiative, whenever in his judgment such action is necessary or proper in order to effectuate the purposes of this title, may by regulation or order reestablish maximum rents for any or all controlled housing accommodations, in any defense-rental area, which are decontrolled on or after the date of the enactment of the Housing and Rent Act of 1949, by administrative action taken under this title.

[(5) In the case of housing accommodations for which a maximum rent is reestablished pursuant to paragraph (2) or (4) of this subsection, the maximum rent shall be the maximum rent last in effect for such housing accommodations under Federal rent control, plus or minus applicable adjustments; or, if no maximum rent was ever in effect for such housing accommodations, the maximum rent shall be the rent generally prevailing for comparable controlled housing accommodations within such area, plus or minus applicable adjustments.

[(6) No maximum rents shall be established or reestablished under this subsection for any housing accommodations (A) in the case of which maximum rents have been heretofore or are hereafter removed as the result of approval by the Emergency Court of Appeals or a recommendation of a local advisory board or as the result of approval by such court of a decision of the Housing Expeditor, or (B) in any State, city, town, village, or locality in which rent controls under this title have been terminated pursuant to section 204 (j).

[(j) (1) Whenever the governor of any State advises the Housing Expediter that the legislature of such State has adequately provided for the establishment and maintenance of maximum rents, or has specifically expressed its intent that

State rent control shall be in lieu of Federal rent control, with respect to housing accommodations within defense-rental areas in such State and of the date on which such State rent control will become effective, the Housing Expediter shall immediately make public announcement to the effect that he has been so advised. At the same time all rent controls under this Act, as amended, with respect to housing accommodations within such State shall be terminated as of the date on which State rent control is to become effective. As used in this subjection, the term "State" means any State, Territory, or possession of the United States.

[(2) If any State by law declares that Federal rent control is no longer necessary in such State or any part thereof and notifies the Housing Expediter of that fact, the Housing Expediter shall immediately make public announcement to the effect that he has been so advised. At the same time all rent controls under this act, as amended, with respect to housing accommodations within such State or part thereof shall be terminated on the fifteenth day after receipt of such advice. As used in this subsection, the term "State" means any State, Territory, or possession of the United States.

[(3) The Housing Expediter shall terminate the provisions of this title in any incorporated city, town, village, or in the unincorporated area of any county upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body reached as the result of a public hearing held after ten days' notice, that there no longer exists such a shortage in rental housing accommodations as to require rent control in such city, town, village, or unincorporated area in such county: *Provided*, That where the major portion of a defense-rental area has been decontrolled pursuant to this paragraph (3), the Housing Expediter shall decontrol any unincorporated locality in the remainder of such area: *Provided further*, That as used in this Act the term "resolution" shall not be construed to be limited to ordinances or other legislative acts, and any resolution heretofore adopted by any local governing body is hereby declared to be effective for the purpose of this section 204 (j) (3) or section 204 (f) (1), whether or not such resolution was legislative in character; and no suit or action shall be brought under section 205 of this Act, or any other provision of law, on the basis of any administrative decision or the decision of any court that the resolution described in this Act must be a legislative Act.

[RECOVERY OF DAMAGES

[SEC. 205. Any person who demands, accepts, or receives any payment of rent in excess of the maximum rent prescribed under section 204 shall be liable to the person from whom he demands, accepts, or receives such payment (or shall be liable to the United States as hereinafter provided), for reasonable attorney's fees and costs as determined by the court, plus liquidated damages in the amounts of (1) $50, or (2) three times the amount by which the payment or payments demanded, accepted, or received exceed the maximum rent which could lawfully be demanded, accepted, or received, whichever in either case may be the greater amount: *Provided*, That the amount of such liquidated damages shall be the amount of the overcharge or overcharges if the defendant proves that the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. Suit to recover such amount may be brought in any Federal, State, or Territorial court of competent jurisdiction within one year after the date of such violation: *Provided*, That if the person from whom such payment is demanded, accepted, or received either fails to institute an action under this section within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the United States may institute such action within such one-year period. If such action is instituted, the person from whom such payment is demanded, accepted, or received shall thereafter be barred from bringing an action for the same violation or violations. For the purpose of determining the amount of liquidated damages to be awarded to the plaintiff in an action brought under this section, all violations alleged in such action which were committed by the defendant with respect to the plaintiff prior to the bringing of action shall be deemed to constitute one violation, and the amount demanded, accepted, or received in connection with such one violation shall be deemed to be the aggregate amount demanded, accepted, or received in connection with all violations. A judgment in an action under this section shall be a bar to a recovery under this section in any other action against the same defendant on account of any violation with respect to the same person prior to the institution of the action in which such judgment was rendered.

[PROHIBITION AND ENFORCEMENT

[SEC. 206. (a) It shall be unlawful for any person to demand, accept, or receive any rent for the use or occupancy of any controlled housing accommodations in excess of the maximum rent prescribed under section 204, or otherwise to do or omit to do any act, in violation of this Act, or of any regulation or order or requirement under this Act, or to offer, solicit, attempt, or agree to do any of the foregoing.

[(b) Whenever in the judgment of the Housing Expediter any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or any regulation or order issued thereunder, the United States may make application to any Federal, State, or Territorial court of competent jurisdiction for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

[(c) Any proceeding brought in a Federal court under section 205 or under subsection (b) of this section may be brought in any district in which any part of any act or transaction constituting the violation occurred, or may be brought in the district in which the defendant resides or transacts business, and process in such case may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any such proceeding brought before it. No costs shall be assessed against the Housing Expediter or the United States Government in any proceeding under this Act.

[(d) No person shall be liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, or requirement thereunder notwithstanding that subsequently such provision, regulation, order or requirement may be modified, rescinded, or determined to be invalid. The United States may intervene in any such suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, or requirement thereunder.

[(e) The principal office of the Housing Expediter shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place and attorneys appointed by the Housing Expediter may, under such authority as may be granted by the Attorney General, appear for and represent the United States in any case arising under this Act.

[(f) (1) The Housing Expediter is authorized to make such studies and investigations, to conduct such hearings, and to obtain such information, as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations and orders prescribed thereunder.

[(2) For the purpose of obtaining information under this subsection, the Housing Expediter is further authorized, by regulation or order, to require any person who rents or offers for rent or acts as broker or agent for the rental of any controlled housing accommodations (A) to furnish information under oath or affirmation or otherwise, (B) to make and keep records and other documents and to make reports, and (C) to permit the inspection and copying of records and other documents and the inspection of controlled housing accommodations.

[(3) For the purpose of obtaining information under this subsection, the Housing Expediter may by subpena require any person to appear and testify or to appear and produce documents, or both, at any designated place. Any person subpenaed under this subsection shall have the right to make a record of his testimony and be represented by counsel, and shall be paid the same fees and mileage as are paid witnesses in the United States district courts. For the purposes of this subsection the Housing Expediter, or any officer or employee under his jurisdiction designated by him, may administer oaths and affirmations.

[(4) The production of a person's documents at any place other than his place of business shall not be required under this subsection in any case in which, prior to the return date specified in the subpena issued with respect thereto, such person either has furnished the Housing Expediter with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Housing Expediter as to the information contained in such documents.

[(5) In case of contumacy by, or refusal to obey a subpena served upon, any person under this subsection, the United States district court for any district in which such person is found or resides or transacts business, upon application by the United States, and after notice to such person and hearing, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

[(6) No person shall be excused from attending and testifying or producing documents or from complying with any other requirement under this subsection because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (49 U. S. C. 46), shall apply with respect to any individual who specifically claims such privilege.

[(g) The Housing Expediter shall not publish or disclose any information obtained under this Act that such Housing Expediter deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless he determines that the withholding thereof is contrary to the public interest.

[(h) It shall be unlawful for any person to remove or attempt to remove from any controlled housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

[MAINTENANCE OF ACTIONS FOR CERTAIN ALLEGED PAST VIOLATIONS

[SEC. 207. No action or proceeding, involving any alleged violation of maximum Price Regulation Numbered 188, issued under the Emergency Price Control Act of 1942, as amended, shall be maintained in any court, or judgment thereon executed or otherwise proceeded on, if a court of competent jurisdiction has found, or by opinion has declared, that the person alleged to have committed such violation acted in good faith and that application to such person of the "actual delivery" provisions of such regulation would result or has resulted in extreme hardship.

[PROPERTY, PERSONNEL, AND APPROPRIATIONS

[SEC. 208. (a) The records, property, personnel, and funds, relating primarily to rent control, transferred to the Housing Expediter by or pursuant to Executive Order Numbered 9841, dated April 23, 1947, may be used for the purpose of carrying out the powers, functions, and duties of the Housing Expediter under this title; except that any personnel so transferred who are found to be in excess of the needs of the Housing Expediter for the exercise of such powers, functions, and duties shall be separated from the service.

[(b) There are authorized to be appropriated to the Housing Expediter such sums as may be necessary to carry out the provisions of this Act.

[EVICTION OF TENANTS

[SEC. 209. Whenever in the judgment of the Housing Expediter such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any controlled housing accommodations, which in his judgment are equivalent to or are likely to result in rent increases inconsistent with the purposes of this Act.

[ADMINISTRATIVE PROCEDURE ACT INAPPLICABLE

[SEC. 210. Section 2 (a) of the Administrative Procedure Act, as amended, is amended by inserting after "Selective Training and Service Act of 1940;" the following: "Housing and Rent Act of 1947;"

[APPLICATION

[SEC. 211. The provisions of this title shall be applicable to the several States and to the Territories and possessions of the United States but shall not be applicable to the District of Columbia.

[EFFECTIVE DATE OF TITLE

[SEC. 212. This title shall become effective on the first day of the first calendar month following the month in which this Act is enacted.

[SHORT TITLE

[SEC. 213. This Act may be cited as the "Housing and Rent Act of 1947."

[TITLE III—SEPARABILITY OF PROVISIONS

[SEC. 301. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.]

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82D CONGRESS } HOUSE OF REPRESENTATIVES { REPT. 639
1st Session } { Part 2

DEFENSE PRODUCTION ACT AMENDMENTS OF 1951

JUNE 25, 1951.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

SUPPLEMENTAL REPORT

[To accompany H. R. 3871]

In the committee report to accompany H. R. 3871, a bill to amend the Defense Production Act of 1950, dated June 23, 1951 (H. Rept. 639), entitled "Defense Production Act Amendments of 1951," certain matter was inadvertently omitted from said report, as is indicated by the break in enumeration from paragraph "(8)" to paragraph "(11)" appearing on pages 25 and 26, respectively. The two enumerated paragraphs which should have appeared in the report on page 26 immediately preceding paragraph "(11)" are herewith set forth in this supplemental report as follows:

(9) *Government corporations.*—The Defense Production Act of 1950, as originally conceived, and as now proposed to be amended, contemplates a number of activities on the part of the Government involving business-type operations. Your committee sees no reason why the most effective tools should not be accorded the Government in carrying out its mobilization effort. Since this effort will entail major actions in essentially commercial fields the Government should be authorized to establish corporations with powers generally attributed to corporations engaged in business-type operations. Similar authority was contained in the bill as passed by the House last year. The Government Corporation Control Act will assure adequate congressional review of any corporate activity. This authority is provided in section 103 (b) and (d) of the bill.

(10) *Industry dispersal.*—In the expansion of productive facilities required for the mobilization program, your committee has given consideration to the problems which such expansion creates with respect to maintaining an adequate dispersal of such facilities in the economy. Accordingly, your committee recommends an amendment contained in section 103 (e) of the bill as reported, which would provide a policy

guide to the administrative agencies in authorizing defense construction or expansion, which is assisted by Government loans or accelerated tax certificates. The amendment suggested by your committee does not seek to take away facilities from areas in which they are now located. It is not intended to foster the location of plants or factories in areas which do not have the economic resources, both human and material, to support their operation unless, of course, the overriding requirements of the national security should so dictate. The amendment would establish a policy guide in the expansion of Government assisted construction so that such construction would be consistent with a sound policy of (1) utilizing fully the resources, human and material, of the Nation wherever located, (2) dispersal of productive capacity for purposes of national security, (3) minimize the necessity for further concentration of population in areas in which available housing and community facilities are presently overburdened.

The location of natural resources which ought to be developed, areas which are presently underdeveloped industrially, areas which are not vulnerable to enemy attack—all ought to be given consideration in selecting sities for the expansion and construction of new facilities to be used in producing the weapons of defense.

It has been recognized by all the defense agencies that the productive capacity of the United States is our greatest military asset. With less than 7 percent of the population of the world we already have more than 42 percent of the world's production. The defense program is intended to expand this. If this is to be done successfully, however, we must, insofar as is practicable, not only avoid geographic concentration which would make the expanded production facilities a target for attack, but also develop areas which are relatively underdeveloped industrially.

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